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Senate

The Senate met at 9:30 a.m. and was called to order by the Honorable JEANNE SHAHEEN, a Senator from the State of New Hampshire.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Give ear to our prayers, Eternal God, and guide us like a shepherd leads a flock. Turn us toward You, as You cause Your face to shine so that we shall be saved. Feed our lawmakers with the bread of wisdom so that they will accomplish Your purposes. Delivering them from the tyranny of the trivial, may they trust You to guide their steps. As they remember the high price and preciousness of freedom, inspire them with the relentless and sacrificial vigilance required to preserve it.

We pray in Your great Name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable JEANNE SHAHEEN led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. INOUE.)

The assistant legislative clerk read as follows:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Tuesday, August 2, 2011.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JEANNE SHAHEEN, a Senator from the State of New Hampshire, to perform the duties of the Chair.

DANIEL K. INOUE,
President pro tempore.

Mrs. SHAHEEN thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. REID. Madam President, following any leader remarks, I will make a motion to concur in the House message to accompany S. 365, the legislative vehicle for the debt limit compromise.

The time until noon will be equally divided and controlled for debate on the legislation.

At noon, the Senate will conduct a rollcall vote on the motion to concur in the House message, with a 60-vote threshold.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

AMENDING THE EDUCATION SCIENCES REFORM ACT OF 2002

Mr. REID. Madam President, I ask the Chair to lay before the Senate the House message to accompany S. 365.

The ACTING PRESIDENT pro tempore. The Chair lays before the Senate a message from the House, which the clerk will report.

The assistant legislative clerk read as follows:

Resolved that the bill from the Senate (S. 365) entitled "An Act to make a technical amendment to the Education Sciences Reform Act of 2002" do pass, with an amendment.

Mr. REID. Madam President, as provided under the previous order, I now

move to concur in the House amendment to S. 365.

The ACTING PRESIDENT pro tempore. The motion is pending.

Mr. REID. Madam President, Senator MCCONNELL and I have completed our statements.

The ACTING PRESIDENT pro tempore. The Senator from Tennessee.

Mr. ALEXANDER. I ask unanimous consent to speak for 10 minutes under the time allocated to the Republican side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ALEXANDER. Madam President, finally, Washington is taking some responsibility for spending money that we don't have. At a time when the Federal Government is borrowing 40 cents of every dollar it spends, this is a welcome change in behavior. I gladly support it. Make no mistake, this is a change in behavior—from spend, spend, spend, to cut, cut, cut. Let me give you one example.

On Christmas Eve 2010 Congress raised the debt ceiling and attached to it \$1 trillion in new spending over 10 years in the new health care law. This time, for every dollar we are raising the debt ceiling, we are reducing spending by a dollar, not adding to it. This reduction in spending over 10 years is about \$2.4 trillion.

Here is another example: According to Senator PORTMAN, who used to be the Nation's budget director, the CBO would say if Congress did this kind of dollar-for-dollar reduction for spending every time a President asked us to raise the debt ceiling, we would balance the budget in 10 years.

Here is another: The Wall Street Journal reported yesterday that because of these spending cuts, the discretionary part of the budget, which is about 39 percent of the entire Federal budget, will grow over the next 10 years at a little less than the rate of inflation. If we could control the rest

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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of the budget so that it would grow to anything close to the rate of inflation, we would balance the budget in no time.

Balancing the budget is exactly what our goal ought to be. I did it every year as Governor of Tennessee. Families in America do it every day. It is time to balance the government's books and live within our means.

These spending reductions are an important step, but they are just one step, and no one should underestimate how difficult the next steps will be. These spending cuts do almost nothing to restructure Medicare and Social Security so that seniors can count on them and taxpayers can afford them.

The President's budget projections still double and triple the Federal debt. Under the President's budget, according to the CBO, in 10 years we will be spending more in interest on the debt than we now spend on national defense.

In January 2013, the very first thing the next President will have to do is to ask the Congress to increase the debt ceiling. This problem wasn't created overnight, and it will not be solved overnight. If I were sitting at Union Station trying to catch a train to New York and someone offered me a ticket to Philadelphia or Baltimore, I would take it, and I would find a way to get to New York from there.

Today's vote is an opportunity to take an important step in the right direction, toward stopping Washington from spending money it doesn't have. We should take it and then get ready to find ways to take the next steps.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Illinois.

Mr. DURBIN. Madam President, this is a historic vote. It is one that has involved a lot of emotion and soul searching and a lot of hard work. The leaders are on the Senate floor—the Democratic and Republican leaders of the Senate, Senators REID and MCCONNELL. I salute both of them for working so hard to bring us to this moment where we have an opportunity to vote.

The House has passed this legislation, the so-called Budget Control Act. The Senate will take it up shortly. It is my belief it will also pass in the Senate. But my vote for this legislation does not come without some pain.

We are told in life to follow our conscience. On this matter, my conscience is conflicted. If this bill should fail, we will default on our Nation's debt. That will be the first time that has ever happened. If we should default at midnight tonight on our Nation's debt, terrible consequences will ensue. We will find America's credit rating in the world diminished, the interest rates we pay as a nation increased, and the cost of money for businesses and families across the United States will increase—at exactly the wrong time, in the midst of recession.

If we fail to pass this legislation, tomorrow the Secretary of the Treasury will sit down with the President and

decide in the month of August which Americans who were expecting a check will actually receive one. Will we pay Social Security recipients? Will we pay the members of our military? Will we pay the Central Intelligence Agency? It is an impossible choice that the President would face if we fail.

But there is another side to the story. If this bill passes, we will reduce spending on critical programs. We have to be honest about it. Fewer children from poor families will be enrolled in early childhood education. Working families and their children will face even more debt to pay for a college education. Medical research will likely be cut. And the list goes on. So from where I stand, it is not the clearest moral choice.

I spoke to our Chaplain before we started the session about a line in Shakespeare I have always struggled to understand. It is from Hamlet, and it is the line in his famous soliloquy, when he said: "Conscience makes cowards of us all."

This morning, I still cannot clearly articulate what it means, but I feel it—struggling with this conscience question of defaulting on our debt, with all of the consequences on innocent people across America, and passing this bill with all of the consequences on innocent people in America. I have spent the last year and a half focused on this debt situation as I have never been focused before. I understand it a little better today than I did when I started.

I have come to the conclusion that if we are going to be honest about our debt and about reducing it, we have to be honest about how it will happen. Sure, we must cut spending; that is where we have to start. But we also have to understand it goes beyond that.

We have to be prepared to raise revenue. In the Bowles-Simpson Commission and the Gang of 6, I thought we came up with an honest answer to that question. It was a balanced approach and put everything on the table. Well, this bill makes a serious and significant downpayment in spending cuts. Now a joint committee is created to take the next step.

I will say this: If the next step is to be fair, if the next step is to be serious, it has to go beyond spending cuts. It has to look at serious questions about how we can save money in entitlement programs without compromising our commitment, and how we can ask those who have profited so well in America, who live so comfortably, to join us in this effort by paying more in taxes. That is the stark reality.

If we continue to move toward more and more spending cuts, we will literally disadvantage the poor and working families of America to the advantage of those who are well off. That is not fair, and it is not right. Many people have criticized this, saying we don't even read these bills we vote on.

Yesterday, I sat down to read this bill—it is not that long. I have to say,

the front end of the bill is almost unintelligible. A person needs someone from the Budget Committee sitting next to them to explain each paragraph. I basically understand that portion of it. I also understand the portion that Senator MCCONNELL proposed on how we will sequence requests for increases in the national debt. I certainly understand, and am puzzled in some ways, by the joint committee's basic charge to find in 10 weeks anywhere from \$1.2 trillion to \$1.5 trillion in savings over the next 10 years—in 10 weeks, these 12 members of the House and Senate are to reach an agreement. It is a daunting task.

There is one provision I want to call to the attention of the Senate. It troubles me greatly. It is a provision that requires that the Senate and House of Representatives, before December 31 of this year vote on a constitutional amendment to balance the budget. I searched this bill long and hard to find the language of that constitutional amendment because I thought, if we are going to have to face the prospect of amending the Constitution, I want to know what the language is. This is an awesome responsibility.

One can read this bill from top to bottom, and there is not one word of substance about that amendment. All it says is, the House and Senate shall consider a bill that is a "joint resolution to amend the Constitution of the United States to balance the budget." End of sentence, end of reference in this bill.

It gets better. Not only do they require us to take a balanced budget amendment and fail to include the language of that amendment—listen closely—this bill says there shall be no amendments to the proposed resolution in committee in the House or on the floor of the House, in the committees of the Senate nor on the floor of the Senate—take it or leave it.

As I say these words, I can imagine Robert C. Byrd descending from heaven, standing at that desk and waving this Constitution and reminding Members of the Senate that one of the few times in our lives when we have taken a solemn oath, Members of the Senate swore to uphold and defend this document, this writing. He would find it nothing short of outrageous that we are mandating a vote on a constitutional amendment that is not even written, that we are prohibiting the House and the Senate from even considering the change of one word in that proposed constitutional amendment.

Madam President, I think the language of this bill entirely discredits this effort toward a constitutional amendment. We cannot take it seriously if we take our oath seriously to uphold and defend this document.

At the end of the day, I will vote for this measure, obviously with a heavy heart. There are parts of it I will struggle to explain and defend, but I can't let this American economy descend into chaos if we fail to extend the debt

ceiling. The job ahead will be hard, but let's hope we will, in reducing this deficit further, do it in a balanced and fair way, with everything on the table.

At the end of the day, Members of Congress and people in higher income categories should feel they too are called to sacrifice. If we ask that of the poorest in America and of working families, we can ask no less of Members of Congress and those who are well off in this great Nation.

Madam President, I yield the floor.

The ACTING PRESIDENT pro tempore. The other Senator from Illinois.

Mr. KIRK. Madam President, although this bill reflects a balanced approach, Americans also expect a balanced budget. We need to apply the common sense of the heartland to spend within our means, as each family does with their monthly budget.

The battle over this legislation was hard fought. We have finally started to change a 40-year culture of overspending and overborrowing in just 40 days. We hear the American people, and we respect their judgment. They tell us they are not undertaxed. They tell us Washington overspends.

We have a government that claims to support a strong economy but urges tax increases that will weaken it. We hear speeches from some who want to expand employment but then attack employers. They argue for more access to credit but then assail the banks that would provide it. They call for more American energy but decry the very explorers who would find it. We need more straight talk and accountability.

Small businesses provide the most jobs, and we should reward them. Inventors create new economies, and we should encourage them. Many government programs fail in their objectives, sometimes for decades, and we should cancel them. We face mounting government debt. The way to pay this debt is to generate more jobs, creating more taxpayers who will provide additional revenue, not new Federal job-killing taxes.

Given the views of our President and the economically liberal Members of this Senate, the legislation before us is the best deal we can get. This legislation caps regular appropriations of the Congress. It eliminates procedural impediments so that we will vote on how to cut automatic spending programs. We even installed automatic spending programs regardless of congressional gridlock as a backstop to ensure fiscal responsibility. This bill prevents a crisis from breaking out this week. It also begins to control automatic spending programs, many of which have run without much accountability since the 1960s. All of this is a downpayment on further ways to bring commonsense accountability and control to the spending of our government.

These basic values are the foundation of America's 200-year experiment in self-government. If we fail, we deliver a free people into the hands of a financial bondage. If we succeed, we honor the

promise of limited government that offers greater and greater liberties to each generation of Americans so that they can reach their own potential.

I will vote for this legislation because it begins to make the hard choices to keep us free. But it is only a first step, and a crucial one, to increase the transparency, the performance, and results we should demand from America's government.

This bill sets an important precedent to reform automatic spending. If we use that precedent again, then I can imagine an America that once again becomes the best place on Earth for inventors and families to start and expand businesses that will provide for their children and, in a few cases, will span the globe with American exports to each market of the planet.

Madam President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from New Mexico.

Mr. UDALL of New Mexico. Madam President, over the past 2 years, our country has been struggling to recover from one of the worst economic recessions in our history. Democrats have worked to pass legislation that would create jobs. It has been our top priority. But at every turn, we faced resistance from ideologues who care more about winning political points and protecting the wealthy than doing what is right for hard-working American families.

That is exactly what happened during this debt-ceiling debate. Instead of passing a clean extension and getting to work on our economy, we have been forced to vote on a last-minute deal to prevent the economic catastrophe that would result in default.

I spent the last few weeks and months highlighting the real-life consequences of default for New Mexico families. At a time when families are already dealing with extremely tight budgets, a default would mean increased costs for just about everything, from food, to gas, to housing, to sending the kids to college. It would also jeopardize critical Federal benefits that veterans, seniors, and others depend on to pay the bills and stay healthy. It would mean more than 360,000 New Mexicans would be in danger of losing their Social Security benefits. It would mean another 300,000 who rely on Medicare seeing their health care disrupted. It would mean 174,000 New Mexico veterans may not receive their benefits, and more than 1,400 Active-Duty military personnel may not receive paychecks for their services.

But it wouldn't stop there. Even if you don't depend on a check from the Federal Government every month for health care or retirement or other benefits, you would still feel the financial pain of default. That is because mortgage payments would increase by more than \$1,000 for the average family and credit card interest would go up by \$250. Why is that, you ask. Because the interest you pay on just about every

loan you have, whether it is a house or a car or college tuition, is based on the interest rates the Treasury pays, and if that interest rate rises, as it would in a default, so does the interest rate on just about everything else. New Mexicans can't afford that. America can't afford that. And it is to prevent New Mexico families from these repercussions that I will vote for this legislation. But that is the only reason because, to be frank, almost everything else about this deal stinks, and it stinks to high heaven.

As my friend the good Senator from Vermont said yesterday, this package is grotesquely unfair and bad economic policy. While I firmly believe we must take steps to rein in our deficit, this package is far from the ideal way to do so.

I hear every day from New Mexicans about the need to rebuild our economy. We should be investing in innovation and infrastructure and creating new jobs, but we don't do that with this deal. Instead of cutting excess and investing wisely in programs that create jobs, this package will mean fewer dollars for job training, education programs, and housing, hampering our ability to create a long-term recovery.

Poll after poll shows a majority of Americans support shared sacrifice in this recovery. Unfortunately, this package also falls woefully short on that count. While we did manage to protect important programs such as Social Security, Medicare, Medicaid, and nutrition assistance programs, there are still many important programs that will be on the chopping block, initiatives such as housing assistance, help for small businesses, and rural economic development programs, just to name a few—this all the while the tax cuts for the wealthiest Americans and large corporations remain untouched.

This package is what happens when ideologues bent on nationalizing their extreme agendas get their way. The fracture we have seen among Republicans in the House over the last few months has much broader effect than just in that Chamber. Their staunch refusal to compromise at the expense of struggling families has pushed this debate and our Nation to the brink.

Instead of having a frank conversation about how we can repair our economy and reach a simple compromise, we have been forced to vote today to avoid default. With this plan, we get nowhere near the heart of our economic problems. Instead, we kick the can down the road a couple of years, all the while the problem continues to grow, impeding our recovery and crippling our economic competitiveness.

Once this vote is taken and the immediate crisis is passed, it will be all too easy to stick our heads back in the sand and pretend everything is OK. I rise today to say this: Everything is not OK, and it won't be OK until we have the courage and leadership to institute tax reform—not just trimming

around the edges or rearranging the numbers to create the illusion of savings when, in fact, nothing has changed; I am talking about substantive tax reform that is the result of a national conversation about our priorities as a society. We have the opportunity to do just that with the commission being created by this plan, but it will take guts and leadership and hard choices.

Our national deficit is a burden that drags us down competitively and requires serious negotiations, not just concessions to those who see this as a political opportunity to push their personal agendas. We must all come to the table and do what is best for our Nation.

I see the Senator from Florida is here. I know he is a wise gentleman who has much to say to us.

So with that, Madam President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Florida.

Mr. NELSON of Florida. Madam President, again I say to my colleague from New Mexico what a fine Senator he is, as is the Senator presiding. What a privilege it is to serve with the likes of the both of you. Indeed, the Members of this body are extraordinary individuals, and we have all anguished with what we have been through as the clock was constantly ticking down to midnight tonight and knowing the consequences.

This Senator always had the feeling that it was going to work out, that we were going to reach agreement. Interestingly, the financial markets had that same feeling as well because the financial markets never did go off a cliff. Even the Asian financial markets felt the same thing as we were coming out of the weekend. Even though we, in this capital city of our Nation, have gone back and forth over ways to cut this public debt, here we are, we have an agreement. Members of this body, as well as the other body down at the other end of the Capitol, clearly are sincere in their differences. But I think what we saw in the overwhelming vote yesterday in the House of Representatives was most of the Members agree that gridlock doesn't do anything to help the country, and especially the economy. So we have this compromise plan in front of us, and later today one of two things will be true: Either we will have done what is in the best interests of the American people or we will have failed. I think, overwhelmingly, what we will see when we vote at noon today is that there may be as many as 75 Members of this 100-Member Senate who will vote in favor of this package.

I think not only is it obvious this package is the way to avoid default, but it starts us on the path of getting serious about what we have to do. The plan contains more than \$2 trillion to bring down the deficit over the course of the next 10 years, according to the Congressional Budget Office, and it is

going to cut about half of that now. It leaves the rest of it up to a supercommittee of 12 Members—half from the House of Representatives, half from the Senate—with each half appointed by its respective leaders of the Chambers.

It is possible this supercommittee will deadlock, but I think with the concern about the financial precipice we have been teetering on, that supercommittee is going to come up with a plan for significant deficit reduction. They have a target of an additional \$1½ trillion over the next 10 years, but they are not limited to that, and everything is on the table. What they could do—and this is a moment, if we can seize it, that would be tremendous—is set us on the path to do major tax reform. No one is happy with the existing Tax Code. We talk about all these tax loopholes—the technical term is tax expenditures—and they are simply special interest tax preferences for individual special interests. It blows my mind to realize they will cost \$14 trillion over the next 10 years. Why should this one special interest have a tax preference and this one have a tax preference, and yet we find it difficult, as we go through this harangue here in our debate, as to what is the level of the tax bracket for taxation on ordinary people?

What we could do—and the supercommittee can do this—is take a lot of those tax preferences—that \$14 trillion worth of them—and by taking only 15 or 20 percent of those away and utilizing that revenue, we could simplify the Tax Code into three tax brackets for individuals and lower everybody's tax in that income bracket, and we could lower the corporate income tax. That is a real possibility for this supercommittee. They could give the instructions back to the Ways and Means Committee in the House and the Finance Committee in the Senate and then start to do reform, as well as bringing down the national annual deficit. The backup, if this supercommittee fails to agree, is a series of spending cuts that automatically happens.

This agreement also calls for a vote on a balanced budget amendment. I have voted for balanced budget constitutional amendments in the past, and we are going to have another opportunity to vote for one. I assume we are going to have a vote for two different versions. The version that is being offered by Senator UDALL is the one I intend to vote for.

So here we are with a plan that is not a perfect plan, although it clearly avoids default. But all of us agree on what it must do: Government spending must be cut, the public debt must be reduced; otherwise, our economy will not recover and America will no longer be in good standing around the world. That is the bottom line.

I often quote from the Book of Isaiah, in which the Lord is speaking to the people and he says:

Come now, let us reason together.

Isn't that so true here? And was it not avoided for so long, where reasonable people of good will—and every one of these Senators is a person of good will—could not get out of our ideological rigidity and out of our momentary excessive partisanship so that we could, as the Good Book says, "Come now, let us reason together?" But I think now that is what we have done.

So when we pass this legislation—and it will be an overwhelming vote—in about 2 hours, and the President then signs it into law, we can turn our attention back to the economy and creating jobs, which we so desperately need to bring us out of this recession that has been lingering far too long.

Madam President, I thank the Chair for this opportunity, and I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Michigan.

Mr. LEVIN. Madam President, I understand we are alternating?

The ACTING PRESIDENT pro tempore. That is correct.

Mr. LEVIN. I would request, after the Senator from Kentucky, who is here to speak—

The ACTING PRESIDENT pro tempore. I am sorry, the Parliamentarian has corrected me. There is no agreement to alternate.

Mr. LEVIN. In that case, I believe I was here on the floor before the Senator from Kentucky, so I will proceed.

The ACTING PRESIDENT pro tempore. The Senator from Michigan.

Mr. LEVIN. Madam President, to say the legislation before us is not ideal is truly an understatement. The notion that our deficit problem can be solved solely by cutting spending flies in the face of our experience, when in fact unwise tax cuts for the wealthy and egregious tax loopholes are significant culprits in our fiscal crisis. I believe too many Republicans are influenced by an ideology so extreme that it promised to wreak economic havoc if they did not get their way. "No additional revenues" became the battle cry—an approach that prevents the balanced deficit reduction the American people rightly support. The result is that this legislation incorporates some policies that are profoundly unfair to middle-income Americans.

Seen in isolation, Madam President, this is not a good bill. But no public policy exists in a vacuum. Despite its many flaws, this legislation must pass. Let me explain why.

While there will be a number of negative consequences as a result of this bill's passage, there will be more dire consequences if it fails to pass. The choice here is between a faulty piece of legislation on the one hand and severe damage to our economy and even greater joblessness on the other. The choice we face with this vote today is whether to accept a flawed bill or to watch the United States—the globe's preeminent economic power—default on its obligations to senior citizens, students, and veterans, as well as to

those who have invested in our country by the purchase of our bonds and our Treasury notes. We have taken many steps in the past 3 years to try to restart job creation in this country. Those efforts would come undone in the crisis that would follow our failure to pass this bill.

One of the things that is right about this legislation is that it avoids a misguided demand that we have another round of crisis and negotiation over this issue in a few short months. A short-term increase in the debt limit, as House Republicans demanded, would surely have led to a damaging downgrade of the government's credit rating. It would have frozen financing for businesses and consumers. We simply cannot put the American people and the American economy through that again.

Despite this bill's imbalance in focusing solely on spending cuts, it does contain a mechanism that can force acceptance of what our Republican colleagues have refused to accept—the reality that revenue must be a part of real deficit reduction and that fair and effective deficit reduction efforts require shared sacrifice. The year 2011 is the year of unbalanced spending cuts, and 2012 must be a year of shared sacrifice, one in which the President uses the bully pulpit to lead the Nation to accept the notion that everyone—including, surely, the wealthy—must play a role in reducing deficits.

Democrats have repeatedly emphasized this point. It is a simple fact that among the largest factors contributing to our deficits is the Bush tax cuts—tax cuts that greatly increased the growth of the gap between the wealthiest among us and working families. Today, median household income—the income of the typical American household—is lower than it was in the mid-1990s, and yet the wealthiest Americans not only do extremely well, they are doing better and better all the time. A few decades ago, the wealthiest 1 percent of all Americans took in 10 percent of all income. Today it is 24 percent.

These numbers are not aberrations or actions of a free market. They reflect policy choices. Too often the choice has been to pay lip service to the middle class while driving income inequality to levels not seen in 80 years in this country. The failure to ask all Americans to join in the sacrifices required to reduce our deficit flies in the face of logic and fairness and threatens to increase the growing gap between upper income and middle-income families.

Democrats have proposed common-sense steps to address the failure to include more revenue and to promote shared sacrifice. We have proposed restoration of the 39.6-percent tax bracket for the wealthiest Americans who make nearly \$400,000 a year or more. Most Democrats support the end of tax breaks for the massively profitable oil companies. We seek to close loopholes that now allow tax dodgers to hide in-

come and assets in overseas tax havens to avoid the taxes they rightly owe and to end tax breaks that let highly-paid hedge fund managers enjoy a lower income tax rate than the rate their employees pay.

So far, too many have denied the need for these changes. But there is a chance at least that this legislation may finally force consideration of added revenues, added fairness in the Tax Code, and the shared sacrifice that is so missing from the cuts in the legislation before us.

Why is that? Under this legislation, we will face a stark choice. We must agree before the end of this year to deficit reduction of at least \$1.2 trillion over 10 years, or stand by as an automatic budget cut kicks in to accomplish that goal. A bipartisan joint committee of 12 Members of Congress will meet and develop a deficit reduction plan that avoids those automatic cuts. That joint committee will have broad powers to review and propose changes to spending and to the Tax Code, and to add revenue. Revenues will finally be back on the table where they have always belonged.

Meeting that \$1.2 trillion goal will not be easy, but it will be achievable—achievable, that is, if those who so far have been unwilling to compromise will recognize that revenue must be part of the equation. Nobody should be eager for the automatic cuts that would otherwise take effect. Many of those cuts would be unacceptably painful and damaging. But the very idea of those automatic cuts is that they are so unacceptable that few of us will want to see them enacted and most of us will be willing to compromise in order to avoid them.

Congress used this approach once before. In 1985 we passed Gramm-Rudman-Hollings, which set forth specific deficit targets and required cuts if those targets were not met. The framework for today's legislation is based on that model. As one of the authors of the Gramm-Rudman-Hollings act, Senator Gramm put it:

It was never the objective of Gramm-Rudman to trigger the sequester; the objective of Gramm-Rudman was to have the threat of the sequester force compromise and action.

And it did. For example, in 1990, when facing the possibility of unacceptable cuts in defense and other important programs, President Bush and bipartisan leaders in Congress adopted a balanced deficit reduction plan that included significant new revenues. The Damocles sword of the Gramm-Rudman-Hollings deficit reduction act was the reason for that outcome. I believe that any plan from the bipartisan committee that fails the test of balance will have no chance of passage in the Senate. That means members of the committee must truly be willing to lead, to put aside partisanship and rigid ideology, if we are to avoid triggering unacceptable cuts. Success also is going to require Presidential leadership and stronger use of his bully pulpit.

Democrats have demonstrated that we are willing to put forward serious deficit reduction proposals, plans that include painful cuts to important priorities. With a vote to approve this bill, which we must, it is my hope that we have reached the high tide of an ideological movement that has sought to hold tax cuts for the wealthy sacred while imposing increasingly Draconian cuts on programs for American families and threatened economic calamity if that movement did not get its way. The era of slashing programs that help middle-class Americans, with no shared sacrifice by the wealthiest among us, must end and give way to an era in which fairness and balance guide our efforts. Passing this legislation today hopefully will drive us to make that transition.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Kentucky.

Mr. HATCH. Will the Senator yield?

Mr. PAUL. I will.

Mr. HATCH. I ask unanimous consent that I be permitted to give my remarks immediately following the Senator.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Kentucky.

Mr. PAUL. Madam President, America will not default on her debt today. In fact, there was never any doubt that America would pay her bills. But mark my words, America will default. America will default, not by not paying its bills, not by not raising the debt ceiling, but we will default in a more insidious way. America will default by increasingly paying our bills with money that is worth less and less each year.

A nation pays for its debt in three ways. We can either tax people, we can borrow the money, or we can simply print the money. They all have repercussions.

We are approaching our borrowing limit as a nation. We now owe China over \$1 trillion. We owe Japan nearly \$1 trillion. We even owe Mexico. As we reach our borrowing limit, interest rates will rise and the prices in the stores will rise. You are already seeing this in your grocery stores. You are already seeing this in your gas prices. They are not rising *de novo*, out of nothing. Your prices are rising because the value of your dollar is falling. The value of your dollar is falling because they are printing up money to pay for this exorbitant debt.

In 2008 we went through a banking crisis and we doubled the monetary supply in 4 months. We bought things. The Federal Reserve bought toxic assets. They bought bad car loans and bad home loans. Where once upon a time your dollar was backed by gold, your dollar is now backed by toxic assets—not a very comforting thought.

Many pundits are arguing that the tea party has won this battle. They misunderstand the debate. This battle is not about winners and losers, it is about the future of our country. It is

about saving ourselves from ourselves. We are headed toward ruin if we continue on this path of spending money we do not have.

For decades, America has lived beyond her means. A nation that lives beyond her means will eventually live beneath her means. That day is coming. A day of reckoning looms. That day was never August 2. That day is when the dollar teeters and falls from its perch. That day is when prices soar. That day is when unemployment and a declining standard of living foment discontent and unrest in the street.

As Erskine Bowles put it, there has been no more predictable crisis in our history. We have been given all the warning signs. It comes, and this deal will not escape the facts that are looming for us. The President thinks that we need a balanced approach. America thinks we need a balanced budget and that we should not spend money we do not have; that since American families have to balance their budgets, why in the world would we not require our Government to balance its budget? What America needs is a balanced budget in an economy that grows and thrives and creates jobs.

Yes, a malaise hangs in the air. America is a ship without a captain. Instead of the President chastising job creators and preaching class envy, we need a President who will show us leadership. The President needs to accept responsibility for an economy that has worsened under his failed leadership. Unemployment is up, gas prices have doubled, and this President will add more debt than all 43 Presidents combined.

America got a deal on August 2 but not a solution. What America wants is a solution, not a deal. I hope in the next 6 months the President will find it within himself to lead the Nation, the courage to lead and embrace reform, the reform that is necessary to get this great country going again.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Utah.

Mr. HATCH. Madam President, I compliment the senior Senator from Kentucky for his good remarks on the floor and for allowing me that unanimous consent request.

We are coming down to the wire here. We will soon be voting on a proposal that would couple some deficit reduction with an increase in the statutory debt limit. There are some positive features in this legislation, and the Senate's minority leader, the Speaker of the House, and conservatives throughout the country should be commended for insisting on them.

First, the President asked for a clean debt limit increase, and conservatives refused. They held the line and made clear that any increase in the debt limit required matching deficit reduction.

Second, having lost the fight over a clean debt limit increase, the President insisted on a balanced approach to def-

icit reduction, by which he meant reducing the deficit by raising taxes. But conservatives again fought this back. They knew that the primary driver of our debt is spending. Regardless of the President's talking points, nondefense discretionary spending is at historic levels. We are set for our third straight trillion dollar deficit. We have a national debt of \$14.5 trillion, and the President's budget would give us \$13 trillion more in debt. The answer to this is not giving the government more money to spend.

And third, conservatives resisted the effort by the President's allies to push most of the deficit reduction in this package down the road.

So there are some achievements in this proposal that conservatives can hang their hat on.

But I regret to say that I will not be able to support it, because it does not sufficiently provide us with the solution to the debt crisis that the markets are demanding. Last week, Moody's made clear that the real threat to America's Triple A rating is not default, which even the administration now acknowledges was never going to happen. The real threat of a downgrade comes from a failure of will. It comes from a failure of presidential leadership in getting federal spending under control.

There is a solution to this spending crisis. It is cut, cap, balance, which I was an early supporter of. In addition to providing short term relief by cutting and capping spending, it provides for a long-term solution through passage of a strong balanced budget amendment.

This proposal falls well short of cut, cap, balance, and I cannot support it.

I would like to address a technical point about this package that raises concerns for me—whether the President is looking to the deficit reduction committee as an opportunity to raise taxes. He says that he is, as have some of my colleagues in the Senate.

I do believe that it will be very difficult, given the committee's charge to reduce the deficit, to raise marginal tax rates. However, I worry that some Democrats will be looking at tax expenditures in order to hit the committee's required deficit reduction targets.

This would be a mistake for a number of reasons. The President has referred to tax expenditures as "spending through the Tax Code." But rhetoric aside, tax expenditures are an opportunity for individuals and businesses to keep more of the money that they earn. And getting rid of tax expenditures, without corresponding reductions in tax rates, will result in a net tax increase on the American people.

The President would have you believe that getting rid of tax expenditures is acceptable, because they only impact the rich. That is why he talks about bonus depreciation for jets and yachts used as second homes. Yet in a series of speeches, I have attempted to show that this rhetoric of class warfare

might work politically, but as a description of tax reality it is lacking. The fact is, the largest tax expenditures, those that the President and Democrats would have to look to in order to raise revenue for deficit reduction, benefit middle class itemizers the most.

Consider the example of the home mortgage interest deduction. Since adoption of the 16th amendment to the Constitution in 1913—98 years ago—the United States has had an individual income tax. And for that entire time home mortgage interest has been deductible in calculating taxable income.

Most of our fellow Americans, when buying a home, do not pay cash for the entire purchase price. Rather, they typically pay a certain percentage in cash and borrow the rest. It is common that the money borrowed is repaid in monthly increments over the course of 15 or 30 years. Those payments from the homeowner to the lender to compensate for the borrowing of money are interest payments. If you itemize your deductions, you get to subtract home mortgage interest from adjusted gross income—or AGI—in arriving at taxable income.

The most significant of the itemized deductions available to taxpayers is the home mortgage interest deduction. The mortgage interest deduction is the second largest tax expenditure identified by the Joint Committee on Taxation, and it is not primarily a benefit for the wealthy. Thirty percent of the benefit of the mortgage interest tax expenditure goes to taxpayers over \$200,000. Taxpayers with income below \$200,000 receive 70 percent of the benefit of the mortgage interest deduction. By a ratio of almost 2 to 1, taxpayers under \$200,000 benefit from the mortgage interest deduction. Since \$200,000 basically fits the definition of rich used by my friends on the other side of the aisle, we can see that the nonrich or middle income group disproportionately benefit from the mortgage interest deduction.

There have been proposals over the decades to eliminate the home mortgage interest deduction, but none of them have succeeded. In 1986, during the last major tax reform effort, there were active proposals to get rid of the home mortgage interest deduction.

President Clinton attacked some of the tax benefits associated with home ownership back in the 1990s. Specifically, President Clinton proposed taxing the imputed income associated with home ownership. A homeowner by living in his home enjoys a certain benefit—the ability to live in his home. That is, he could have rented the home out for a certain amount of money, but he instead decided to live in the home. It is as if he received the rental money for the home, and then spent it on rent so that the owner himself could live in the home.

As policy this is somewhat convoluted. Generally, Congress has been reluctant to tax people when they have

received no cash. In addition, those on a fixed income would have found it difficult in many cases to get the cash to pay the tax. Finally, there would be significant administrative concerns—just what would the rental value of a home be? How would that be determined? It would be quite difficult. Thus, in a bipartisan fashion, Congress rejected the President's proposal to tax imputed income arising from owner-occupied housing.

Now President Obama is taking another crack at it because he wants to raise money to reduce the deficit. President Obama has proposed, re-proposed, re-proposed again, and re-proposed yet again to reduce the benefit of the home mortgage interest deduction. I am speaking of President Obama's proposed 28 percent limitation on itemized deductions. President Obama has proposed to limit the tax rate at which high-income taxpayers can take itemized deductions to 28 percent. This is meant to lessen the benefit to higher income taxpayers of itemized deductions—the home mortgage interest deduction being the most significant of the itemized deductions. The Joint Committee on Taxation says that this provision would mean the Federal Government would collect an additional \$293 billion in taxes over 10 years.

To understand this provision, allow me to tell you about two taxpayers: William and Spencer. Let's assume that William is in the 15 percent tax bracket, and that Spencer is in the 35 percent tax bracket. Under current law, an additional itemized deduction of \$100 is worth \$15 to William, and \$35 to Spencer. That is, an additional itemized deduction of \$100 will reduce William's tax bill by \$15, but Spencer's tax bill would go down by \$35. If the President's 28 percent limitation proposal were to go forward, however, although the itemized deduction would still be worth \$15 to William, it would now be worth only \$28 to Spencer.

Of course, one may think—well why should high-income Spencer get a more valuable tax benefit from an itemized deduction than low-income William? But that mischaracterizes things. First of all, high-income Spencer, even under current law, still pays significantly more tax than low-income William. That is not only true in absolute dollar terms, but also in terms as a percentage of their respective incomes. Furthermore, the 35 percent bracket was set by Congress with an understanding and realization that itemized deductions would allow a significant tax benefit. That is, had Congress known that higher income taxpayers would be disallowed some of their itemized deductions, as the President now proposes, undoubtedly Congress would have created a lower maximum tax rate bracket than the current 35 percent tax bracket. So, to take away some of the benefit of itemized deductions to higher-income taxpayers but leave the high-income tax rates at their current high levels is to upset the balance

struck by prior Congresses. Obviously, Congress is allowed to do that. But let's not pretend that current law is somehow an oversight, or unintended consequence, from prior legislation.

Some of the President's advisers defend the proposed 28 percent limitation on the grounds that 28 percent was the tax benefit one would get during the later Reagan years. Yes, that is true. But it is only true because 28 percent was the highest tax bracket after the Reagan tax reform!

The larger point is this, however. To the extent that the home mortgage interest deduction, or any tax expenditure for that matter, should be addressed by Congress, it should be addressed through the context of a comprehensive, revenue neutral tax reform that lowers rates. These tax-expenditures should not be cherry-picked by the President and his liberal allies to pay for the checks that his administration has written.

I have made this point many times, but today, it is important to make it again. To the extent that any tax expenditures are taken away, tax rates should come down, so that the net effect to government revenues on a static-score basis is neutral. That's what tax reform is all about—getting rid of tax expenditures so as to reduce tax rates. By reducing tax rates, we will unleash the free-market. By unleashing the free market, we will grow the economy. By growing the economy, tax receipts will increase, even though on a static-scoring basis, tax reform would be revenue neutral. If we get rid of tax expenditures without an offsetting tax-rate reduction, then we have simply made the task of tax reform that much harder. We have squandered an important opportunity.

I would like to make a last procedural point about where we go from here. Even if Congress passes, and the President signs, this deficit reduction package, we are going to be back at this again before the year is out. The President will be asking Congress to raise the debt ceiling again. Given that, I would like once again to address the failure by the Treasury Department to respond to repeated requests I have made over the past week about Treasury's short-term cash position, and the failure by almost every member of the so-called Financial Stability Oversight Council—or, F-SOCK—to provide Congress with information about their contingency plans in the event there is a ratings downgrade on U.S. debt in the future.

Does Treasury still think it will run out of cash by midnight tonight? I have been given only limited information. Treasury continues to say we will run out of cash today and will not be able to pay our bills, the same date they estimated way back in May. But, Treasury won't show me how they are arriving at that estimate. I have not been informed, Congress has not been informed, and Americans counting on timely Social Security payments have

not been informed. Almost every member of the F-SOCK, including Treasury and the Federal Reserve, has refused to provide me with any information about their contingency plans for ratings downgrades. Even if the debt limit is raised, there is no assurance that we won't face a downgrade. We need to know the government's plans.

As I have said repeatedly, this is unacceptable. I want to be clear about two things. First, Congress will have to look into this matter very carefully, and investigate whether Treasury and most of our major financial regulators have been deliberately withholding information from Congress, and if so for what purposes.

Second, assuming that down the road Treasury will present Congress with another default date, I want to put them on notice that this fall I will be demanding timely substantiation of Treasury's assessment and the government's cash position. Absent this cooperation, I will stand in the way of any debt limit increase demanded by an unsubstantiated Treasury-determined deadline.

In closing I want to be clear. I cannot support the outcome of these negotiations. But my opposition is not owing to the failure of conservatives or the Republican leadership in the House and Senate. It is owing to what is clearly amounting to the failed presidency of President Obama. He and his allies are ideologically committed to more spending. Fortunately, the American people will have the final verdict on this economic philosophy in 2012.

The PRESIDING OFFICER (Mr. BINGAMAN). The Senator from Oregon.

Mr. MERKLEY. Mr. President, I rise to address the Obama-Boehner debt deal. I must say it is an issue on which I have been immersed in wrestling to understand the impact on unemployment, the impact on investments that will strengthen our Nation down the road; certainly an impact on programs that strengthen our families. It is in that context we try to understand how do we build the strongest possible Nation for working families. How do we do that? Is the Obama-Boehner debt deal the right path? I must conclude that it is not the right path. I conclude that for four reasons.

The first is the impact on jobs. We are facing a gathering storm on the job front. We have 5 to 8 million additional foreclosures that are suppressing the success of our construction market, driving down the value of houses and having a devastating impact on the attempts at a recovery.

Second, the unemployment benefits. The extended unemployment benefits expire this year, and the rough estimate is that that will result in a reduction of around 500,000 jobs. That is a tremendous blow in 2012. Then we have the termination of a payroll tax holiday and the estimate is that may well produce losses of jobs of more than 900,000 across America. Add them and you are talking about nearly 1.5 million lost jobs that we will face in 2012.

So on top of this gathering storm comes the Obama-Boehner debt deal that is estimated to produce another job loss—and by varying estimates—from 100,000 to 300,000. Doesn't this deal take us in the wrong direction? Shouldn't we be on this floor working to create jobs, not to destroy jobs? The success of our families depends on it.

My second major reservation about the Obama-Boehner debt deal is its impact on working families through the concentration of cuts on the 18 percent of the budget that is the nondefense discretionary portion. This is the portion of the budget that involves Head Start and Pell grants—in other words, an opportunity for our children, our smallest children, success for university education for our college-bound students. It is the area of the budget that involves investments in clean energy. It involves our small business programs that support the success of our small businesses. It involves job training that helps families adjust to a changing dynamic in the economy, and so much more.

In this 18 percent of the budget is where the cuts will hit. What with the phase I required cuts, or title 1 cuts, in combination with the cuts under title 3, you have essentially 15 percent cuts from the 2011 March CBO baseline. Understand that baseline for 2011 is a very low baseline, much lower than 2010, much lower than 2009. It takes us back many years earlier. We have a very low baseline and we are going to cut 15 percent more out of the core programs supporting the success of our working families, supporting the success of our smallest children, supporting the success of our college-bound children. This is not the path that builds a stronger America.

The third factor is that while our children in Head Start and our children headed for college and our citizens seeking job training are going to take these blows, the wealthy and well-connected do not contribute one slim dime. As some of my colleagues have argued: Well, you know what, there are some of those programs embedded in the Tax Code that actually help the middle class. My colleague from Utah was just making that argument. Then the argument is extended: So don't touch any of those programs. Well, if we take that same attitude toward our spending programs, we would say some benefit the middle class, so don't touch any spending programs. Obviously, it is an absurd argument. Why is it made on the revenue side, to those programs there, but not in the programs that are on the appropriations bill? Why is the tax bill protected from not only that argument but the spending bills are not? One simple answer: The programs for the wealthy and well-connected are in the tax bill. So this false argument is used to defend the accumulation of wealth, the expansion of prosperity for the few—for the powerful few—at the expense of families across this Nation.

My fourth concern about the Obama-Boehner debt deal is that simply it was

forged out of a process of extortion. If you look through the editorials, you see words such as “hostage taking” and “extortion” and “lunacy.” We only have to turn back to Ronald Reagan to remember what he had to say on this. He said: This brinksmanship threatens the holders of government bonds and those who rely on Social Security and veterans' benefits. Interest markets would skyrocket, instability would occur in the financial markets, and the Federal deficit would soar. The United States has a special responsibility to itself and to the world to meet its obligations.

Those who have threatened, for the first time in U.S. history, for the United States not to meet its obligations, which would result in a devastating impact for families across this Nation, those who carried out that threat did so in the wrong spirit—not the spirit of America pulling together, but in the spirit of creating a situation of hostage taking and extortion designed to protect the most powerful and wealthy at the expense of families across this Nation.

Because this deal does damage to jobs and contributes to a gathering storm in 2012 that threatens to take us back to a double-dip recession, because the cuts are concentrated on the programs such as education and Head Start and Pell grants that support the success of our children and the success for our future economy, because it doesn't take one slim dime of contribution from those who are most able to contribute in our society, and because it was forged out of a fundamentally inappropriate use of extortion against the American family—for those four reasons I will oppose this deal.

Thank you, Mr. President.

I yield the floor.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. BLUNT. Mr. President, I rise in support of the bill. I would say for the second time in about a week I have come to the floor to speak after one of my friends on the other side who is talking about what we ought to be talking about, and both times they were right. They said we should be talking about private sector job creation. I say where are the bills to do that?

We have been here the week of the Fourth of July. We were here and we had two votes that week. One was to compel the Senators who didn't show up to show up. The other one was on some motion to proceed to cloture on something that had nothing to do with job creation or any of the other issues we should be talking about. We could talk about what we ought to be talking about, and that would be one thing. Of course, what we are talking about today is the moment we have arrived at, the date that was set by the administration. Apparently they were right in speculating when we need to look at the borrowing limit again, and that is today.

I rise in support of the bill. I said for months the only thing worse than not raising the debt limit would be raising the debt limit and not changing behavior. In fact, I think that is what all the rating agencies that everybody is talking about now, whether they are going to and how they are going to rate our bond rating in the future—they have all said—and they said long before they talked about the debt limit—that we are spending more money than we can afford to spend as a Federal Government or as a society. We are spending \$1 out of \$4 that the society can produce, and that is about 25 percent more than we spent in 2008. It is 25 percent more than we spent on the average from the 40 years from 2008 going backward four decades, and that is important. I think this bill does begin the process of changing behavior. The way we approached the debt limit this time was everything but business as usual.

This is a totally different discussion than we have had before about the debt limit, and the country has almost always had debt. I think there have been only a couple of times in our history where Andrew Jackson paid off the debt and there was one other time we paid off the debt—only a couple of times in our history when we didn't have some kind of debt. In the tradition of that debt, we have always said: Okay, let's borrow more money because we need more money. This time, for the first time, we said: Why do we need more money? Why is it that we are increasing debt? Why is it we are increasing debt so rapidly? We had a \$10 trillion debt in January of 2009, and 30 months later we have a \$15 trillion debt. Obviously that trajectory cannot continue and the framework for the decision that is made in this bill says it won't continue.

Do we continue to add debt over the next decade? We wouldn't have to. There is a study out that says every time the debt ceiling comes up over the next 10 years, we make the same kind of determination that for every dollar we increase the debt ceiling, we are going to find a dollar in savings over the next decade. That study would indicate that in 10 years we balance the budget. Of course, that is what we should be doing, balancing the budget. This body, before I served here, before I served in the House, before I was in the Congress at all, in 1995 came within one vote of the balanced budget amendment, one vote of passing the amendment that had passed the House. In 1996 it came within two votes of passing that same amendment that had passed the House again. If that one vote would have changed in 1995 or the two votes would have changed in 1996, we would not be having this discussion today because we would have a balanced budget today and would be moving in the way that every State but one has to function and every family in America eventually has to come to grips with the fact that they cannot spend more than they have.

The truth is, this agreement, while it is a 10-year agreement, is only enforceable for a couple of years. I believe we will do what this agreement says this year and next year. I am hopeful and optimistic the select committee will do its job and come back with another \$1½ trillion or more of cuts to spending, and that is going to happen—that select committee is going to report this year. The budget cap is set for this year and next year.

But elections matter, and who is elected in 2012 to the House and the Senate and the Presidency will finally and ultimately make a decision about whether this track we are on now gets better than it is now or, frankly, heads back in the other direction. I think the campaign pledges are important. While I support the bill, I am also fully appreciative of everyone who feels as though they can't.

Frankly, if some campaign pledges hadn't been made in 2010, we probably wouldn't be at this moment. And if that is somehow extraordinary—that people run for office and say that is what they are going to do and then they come here and do that—that is what the process is all about and how it is supposed to work.

Is this my sense of what would have been the best way to deal with these spending cuts? We would have more spending cuts if I were writing this bill. But the fact is, in Washington today no one party controls anything. My party, the Republican Party, controls one-third of what it takes to get a bill to become law, and the other party controls two-thirds. At the end of the day, by definition, nobody is going to be totally happy with this bill.

But as Senator PAT ROBERTS said yesterday in a meeting I was in, using an old legislative saying: This is not the best possible bill, but it is the best bill possible. It is the best we can do right now.

I think we take this victory and use it as a way to move forward to the future.

Mr. President, I rise, again, in support of this bill.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. I thank the Chair.

Mr. President, I come to the floor to express my support for the measure before us, as my colleague from Missouri who has just spoken, and as everyone else I have heard express their support for this proposal. No one seems perfectly satisfied with it, but that is inevitable. I think we have come to one of those classic moments of a very big challenge our Nation faces—this enormous debt—and whether in this agreement we see this glass half full or the glass half empty and whether what encourages us in the agreement outweighs what disappoints us.

For me, the positive outweighs the negative. I am going to vote for my hopes about what this agreement means as opposed to my fears that we are not doing enough in this agreement.

What makes me most happy about it is this is a bipartisan compromise that turns the corner, turns the ship of America's state away from greater and greater deficits and a greater national debt and in the direction of balancing our budget once more. It turns us in the direction of reestablishing classic American values of discipline and thrift and concern about our future and investment in our future, which we have lost in our Federal Government through the work of both parties in the executive and legislative branches of our government.

It is a bipartisan agreement at a time when this Chamber and this city have become reflexively and destructively partisan, and that is encouraging to me, that it is bipartisan. It is a compromise at a time when this city has become ideologically rigid, and it is clear, if we look at our history, that we only make progress when we compromise. That is because we are such a big, diverse country with so many different opinions and points of view. So this is a bipartisan compromise. It is the beginning of a long, hard march back to fiscal responsibility in our country—back to a balanced budget.

So what troubles me about it? What troubles me about it is that the bipartisan compromise also represents a kind of bipartisan agreement by each party to yield to the other party's most politically and ideologically sensitive priority. In the case of Democrats, it is to protect entitlement spending, and in the case of Republicans it is to not raise taxes. The reality is that we have to do some of both if we are going to get our country back into balance.

Because this agreement doesn't really touch the entitlement programs—particularly Medicare, which is growing faster, bigger than any other government program—it puts all the burden of getting back toward balance in our budget on the so-called discretionary spending part of the budget. That is about one-third of Federal spending. About 60 percent is the entitlement or mandatory programs. So we have the beginning of a system that forces cuts in the discretionary third of the budget—defense and nondefense—which they have to do, they have to cut—but it doesn't ask much of anything of the 60 percent that is growing so rapidly, which is entitlement spending.

As a result, if the special committee created in this agreement—which is the great hope of the agreement, I think—doesn't work its will and involve itself in entitlement reform and tax reform, and Congress doesn't accept it, then the trigger, the automatic spending cuts are also all from discretionary spending, asking that one-third of the budget to pay the way, even though it is a small part of the responsibility for the increase in government spending. That would have a devastating effect on our national security because it would dramatically undercut our defense, as well as some of the

programs that are the great investment programs of our future: education, energy, et cetera, et cetera. So I hope the special committee will redeem our hopes and Congress will too by dealing with entitlement reform.

I wish to say here that Senator TOM COBURN of Oklahoma and I, in June, introduced a proposal that would take steps to save Medicare for the almost 70 million people who will be on Medicare in a decade and reduce the enormous costs it places on our taxpayers. I think a lot of people in our country think the payroll deductions and the premiums they pay, pay the total benefits of Medicare. Unfortunately, that is not so. The average Medicare beneficiary in their lifetime takes \$3 or \$4 out of the system for every \$1 they put in, and we just can't run a program long term like that. Who picks up the rest? The taxpayers, the budget. That is a big part of why we are heading into deficit. So we can't save Medicare by leaving it as it is. We can only save Medicare—and I want to save Medicare because I believe in the program—if we change it.

Senator COBURN and I put forward this plan that will save over \$600 billion in Medicare costs over the next decade. It will extend the solvency of Medicare by at least 30 years and reduce Medicare's 75-year unfunded liabilities by \$10 trillion.

Now, I know our plan contains some strong medicine, but that is what it will take to keep Medicare alive, and we believe our plan administers this medicine in a fair way. Senator COBURN and I are going to forward our proposal, which is in legislative form, to the joint select committee for their consideration, and we hope they will include parts of it in their recommended legislation.

I also believe it is essential for the joint committee to act to bolster the solvency of Social Security. Many think Social Security is not contributing to the deficit because it has a positive balance in the Social Security trust fund. But what is in that trust fund? It is notes that the United States Government has given to the Social Security trust fund every time we have borrowed from it. Of course, we are bound to pay that money back.

The fact is, today Social Security is running a deficit on a cashflow basis. In other words, the payments into the system are not as great as the payments out, and they will continue to do that in increasing numbers for the foreseeable future.

What does that mean? It means the Social Security trust fund has to come to the Federal Government to redeem the bonds the government gave Social Security when it borrowed the money. How does our government pay back the Social Security trust fund? By borrowing over the next two decades \$2.6 trillion, currently held in IOUs, plus interest. If we don't do something to save Social Security, when we hit the year of 2036, Social Security will only

be able to pay benefits to the extent that they are covered by incoming receipts, and that will mean a sudden, shocking, painful 23-percent cut in benefits for senior citizens.

We have to begin to enact reforms now to slowly save Social Security, and we can do it. I wish to indicate today to my colleagues that Senator COBURN and I are working again on a bipartisan proposal to secure Social Security for America's seniors for the long term, and we hope to have that done in time to also forward to the special committee for their consideration.

So the bottom line: We can't protect these entitlements as well as have the national defense we need to protect us in a dangerous world while we are at war against Islamic extremists who attacked us on 9/11, and will be for a long time to come. We can't not touch the entitlements or raise taxes and create a tax reform proposal and expect to protect all the programs of investment in our future that mean so much to America's families: education particularly, alternative energy, investments in our transportation system.

To be able to do all that in the right way, we need this special committee and Congress to take the next steps. But this is a significant beginning, as imperfect as it is.

If I may, finally, for all of us—and particularly for the President, the Speaker, the majority leader, the Republican leader in the House, and the Democratic leader in the Senate, and everybody who worked so hard, coming close to the kind of grand bargain I think we needed, that the Simpson-Bowles Commission adopted, that the Gang of 6, our 6 colleagues, recommended to us, which I support, and that the President and the Speaker, President Obama and Speaker BOEHNER, were close to but unfortunately fell apart—there is disappointment that a lot of us feel. But perhaps to put it in a broader context, I wish to quote from an op-ed piece in the Wall Street Journal today written by David Rivkin and Lee Casey, who are two lawyers whose work I have long admired. Here is what they say to take us back and perhaps remind us that we fill these seats for a short period of time. We act within the system created by our Framers, and we do our best. They wrote:

The debt-ceiling crisis has prompted predictable media laments about how partisan and dysfunctional our political system has become. But if the process leading to the current deal was a "spectacle" and a "three-ring circus,"

As someone put it—

the show's impresarios are none other than James Madison and Alexander Hamilton. Our messy political system is working exactly the way our Founders intended it to.

Then I go toward the end of their op-ed piece:

The key point has been made—

Excuse me. Let me start a paragraph ahead:

Rarely in our system do the participants—

Whether in the White House, Senate, or House—

achieve all or even most of their goals in a single political battle. . . . The key point has been made. Few now suggest that we can continue on our current spending binge. That is the beginning of a consensus, and a good start towards genuine change.

The Framers would be pleased at the spectacle.

I thank the Chair, and I yield the floor.

Mr. LEAHY. Mr. President, this is not a solution I would have preferred, but the compromise finally reached by the White House and congressional leaders has the potential to end this manufactured crisis. It is a solution that puts common sense and the national interest above partisanship and ideology.

The country has been pushed to the brink of catastrophe. The choice at hand is not this bill or something better. The choice is between the only bipartisan practical solution to the debt ceiling crisis, or a devastating default on the Nation's debts for the first time in our history. A default would send shock waves throughout our fragile economy. It would slap a credit rate tax on every household and every business in Vermont and across the country.

The solution before us includes \$3 trillion in spending reductions reached through bipartisan negotiations that will yield the greatest overall budget savings ever. Just as Vermont families are having to make difficult financial decisions, we need to make long-term budget reforms, and the country should be spared the ordeal of having to go through this same kind of torment again just a few months from now.

The special congressional committee chartered by this legislation to recommend future deficit reduction can consider revenue measures, and I will continue to push for an end to outdated tax loopholes for giant oil firms and companies that ship American jobs overseas. I also continue to believe that the wealthiest Americans should pay their fair share in these solutions.

If the special congressional committee fails to make bipartisan recommendations, then the agreement calls for cuts in defense spending and protections for Social Security, Medicare benefits, Medicaid, veterans benefits and child nutrition. I strongly support these protections.

All along the American people have wanted this debt-limit crisis resolved promptly and fairly through the give-and-take of our representative government. It is extremely unfortunate that many who manufactured this crisis in the first place then stood in the way of a solution for weeks on end, threatening the first default on United States obligations in our history.

Many in this body recall, as I do, the period just two short decades ago when Congress and a Democratic President were able to balance the Federal budget and create budget surpluses that

were on their way to paying off the national debt altogether. I remember also the key Senate vote to put us on that path, which had to be achieved without any support from the other side of the aisle. Those balanced budgets and surpluses also were achieved without any constitutional amendment requiring them. And those surpluses grew, until subsequent decisions were made by a new administration, and ratified by a new Congress, that squandered the surpluses and piled the debt up once again.

What the American people want, need, and deserve right now is a return to wise and disciplined leadership. We need the return of a willingness to cooperate and to forge solutions across partisan lines to solve the most pressing issues facing the country. The economic health of the Nation and the jobs of thousands of hardworking Americans should not be mired in politics.

The Senate throughout history has shown its remarkable ability to rise up in times of crisis to reflect the conscience of the Nation. Now is such a time, for the good of the country, for Democrats and Republicans in both chambers to rise to the occasion and put an end to this contrived crisis that has put our entire economy at risk.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. ISAKSON. Mr. President, I commend the Senator from Connecticut on his remarks and, particularly, his closing. I associate myself with what he said. I will support this bill when it comes to the floor at 12 o'clock today.

On Saturday, I came to the floor at 2 o'clock out of frustration and made a speech critical of the negotiators as we were letting the clock run and had no deal. I was critical because we had pretty much had an agreement we were going to cut. We pretty much had an agreement we were going to establish a select committee to do the cutting. But we had not agreed to a balanced budget amendment. We had not agreed to an enforcement mechanism on the committee to make sure they did the cutting. Probably most importantly of all, we had not agreed to triggers on the debt ceiling increase for accountability.

I come to the floor today not frustrated but feeling somewhat rewarded because on the three solutions negotiated to those three component parts of this particular piece of legislation, the genie is out of the bottle, and history is about to be made.

No. 1, on the debt ceiling increase, when the trigger was finally established, it means from now on whenever this debt ceiling increase is asked for by a Republican or Democratic President, it will be demanded that there be spending cuts commensurate with any increase. That is historic. That is the first step in the right direction of sanity, accountability, and fiscal responsibility.

Secondly, they finally came together and agreed there would be a balanced

budget amendment vote in the House and the Senate before this year end, with incentives for us to vote for that balanced budget amendment. For the first time since 1995—the first time in 16 years—the Congress of the United States will be debating, forcing itself to do what every American family has to do. There is not a family within the sound of my voice who has not had to sit down in the last 3 years in this country—because of our recession and our economy and because of spending—and reprioritize how they spend their money to balance their budget, to live within their means. It is about time the Congress of the United States asked of itself what it imposes on every family in America.

As far as the select committee, there was a fear among many that it would only be a paper tiger; that it would not have the claws or the teeth to actually do what it needs to do on the cuts. While I would have done a different type of sequestration, I commend those who negotiated this sequestration on putting one in that has enough teeth and enough fear to force this select committee to do what it needs to do.

Today, when I vote in favor of this agreement, I will be voting for us to cut spending where we need to—not as much as I would have liked but a lot more than we have ever seen before—but, most importantly, voting for the assurance that never again will a debt ceiling go up without a debate for commensurate cuts in spending. That is important. I will be voting for this because we will have a balanced budget amendment on the floor of the Senate and on the floor of the House of Representatives that we have long needed since the last one failed 16 years ago. And we finally have a sequestration mechanism or an enforcement mechanism to enforce the select committee to do what it is charged to do in this particular legislation.

My frustration I expressed on Saturday is gone. My pride in the Senate is restored, and I look forward to casting my vote in favor of this agreement at 12 o'clock today.

I yield back.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. MORAN. Mr. President, thank you for recognizing me.

I am honored to be, once again, on the Senate floor. I have spoken many times about the issue that is now before us for a vote in just a few minutes.

This is a significant point in our country's financial history—a time in which politics has played its course and decisions have to be made. I come here at this moment with no real joy. I think we have put the American people through a lot—certainly, over the last several months—as we asked them to follow along as we discussed this idea of raising the debt ceiling.

There was some thought by many of us that we could use this moment of raising the debt ceiling to make some significant changes in the way we do

business in Washington, DC. In fact, on March 22 of this year, I wrote President Obama a letter indicating I could not vote to raise the debt ceiling unless I saw substantial reductions in spending and structural changes in the way we do business in the Congress and Washington, DC.

Why I say there is no joy for me to be here today, in my view, we have failed to do either one. There are no substantial reductions in spending, and there are no significant changes in the way Washington, DC, does business.

This country needs certainty, and I have said all along we need to raise the debt ceiling. There needs to be that certainty. I have said it would be irresponsible for us not to raise the debt ceiling, but I have said all along it would be equally as irresponsible if we raised the debt ceiling without meeting the criteria I have outlined.

While we will have a discussion among all of us that continues today—and we will probably play quarterback and Friday morning quarterback after this is over to figure out what we have accomplished—but, in my view, it is important to know there are no cuts in this bill. There is only a reduction in the growth of spending, and that reduction is so small—\$21 billion reduced in the first year in the growth in spending.

In Kansas, when we hear the word “billion,” we think that is a lot of money, and it is. So I think Kansans will hear the words “\$21 billion” and think: Oh, my, they are finally doing something significant. But the truth is, we spend \$4 billion more each day than we take in, and that \$21 billion, if realized, in the slowing of the growth of spending, will be gone in less than a week. This legislation does not cut spending.

While we promote a balanced budget amendment, which I think is so critical to our success in changing the structure of how we do things, there is no balanced budget amendment to the U.S. Constitution in this agreement or one that will necessarily be sent to the States for ratification. Our national debt will continue to grow and, in fact, at the end of 10 years, if everything in this legislation is accomplished—and I think we have to be skeptical about that—our national debt will grow and reach \$22 trillion. We are at \$14.3 trillion or \$14.4 trillion now. Ten years from now, with this legislation in place, \$22 trillion. Over the next three decades, our debt will become three times the size of our entire economy.

We have talked about changing the way we look at things in Washington, DC. For the first time—and I agree with this—we are talking about reducing the growth of spending by the amount we are raising the debt ceiling. But can you imagine a family back in Kansas congratulating themselves for changing the topic without ever changing their spending patterns? Kansas families, when they are in trouble for spending too much money, cut the

budget today. We are not doing that. They do not just slow the growth, and they do not wait for 10 years to see it realized.

The problem is today, and I think this is a significant problem. People will say we need to raise the debt ceiling today or our credit worthiness will be judged by the rating agencies and we will be downgraded. I worry that even with the passage of this bill, its effects are so minimal in spending that the downgrade will occur regardless.

So this is a time for us to make the tough choices as compared to kicking the can down the road one more time.

It is an honor to serve in the Senate. Nothing in my life, my background, would ever suggest I would have this opportunity. I am honored to serve Kansans, and I will do my best to make the right decisions on their behalf. But as I have listened to Kansans for the last 2 years on the topic of what is important to them, the economy matters, and the first thing we have to do is get our fiscal house in order so the economy can grow and people can find jobs and get better jobs.

While my assumption, based upon the news reports, is the legislation I oppose will pass today, I pledge myself to my Kansas constituents that I will work hard to see that every dime that is possible to be saved occurs, and I will redouble my efforts to see we grow the economy and put Americans back to work because the revenues we need to balance our books are not increases in taxes.

The revenue we need to balance our books is a strong and growing economy so every American can put food on their family's table, save for their children's education, and prepare for their own retirement, and that we are blessed with the opportunity in this country to see every American child be able to pursue the American dream.

I thank the Presiding Officer.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Ms. AYOTTE. Mr. President, for weeks, Americans have watched the debate about raising our Nation's debt ceiling. I know it is has been difficult and often frustrating to watch what is happening, but the discussion could not have been more important for the future of America. We have been talking, again, about whether we would increase America's borrowing limit.

In doing so, we have rightly focused on how to prevent a default on America's credit, but also, just as important, rather than just reflexively continuing to borrow money we do not have from Chinese bankers, how we are going to confront the fundamental behavior in Congress that has led us to this culture of borrowing and overspending.

I have said from the beginning of this debate that we owe it to the American people, and I owe it to my constituents in New Hampshire, to confront both issues—to avoid default and, finally, to

confront our debt once and for all, and to change the direction in which we are headed as a country.

To address only default and to continue to kick the can down the road on making the tough decisions to fundamentally change the path we are on will surely lead to a downgrade of our credit rating. It will sap our economic strength and will lead to the insolvency of the greatest country on Earth.

While I appreciate the difficult work done by the Speaker of the House and our Senate leadership in coming up with an agreement that avoids default, I am unable to support a bill that delivers the largest debt ceiling increase in the history of our Nation but does very little to confront the underlying problems that have brought us here—problems that have led us to over a \$14 trillion debt and which will increase in the next 2 years to over \$16 trillion in debt.

I have not come to this decision lightly. I have had countless meetings over the last months and weeks with my colleagues on both sides of the aisle to talk about this issue and how we can confront this crisis now. I have said from the beginning we need fundamental changes in the way we do business in Washington, including budget reforms, enacting a responsible budget.

I am a member of the Senate Budget Committee—the newest member of that committee—and it has been terribly disappointing to me that the Senate hasn't allowed the Budget Committee to do its work and come up with a budget for the United States of America.

So we do need fundamental budget reforms. I have said we need major spending reductions, and we need to reform our entitlement programs. I cannot in good conscience agree to a deal that continues to perpetuate the culture of overspending and borrowing in Washington.

In coming to this decision, I have asked myself several questions: The first question I have asked is, Does this agreement significantly reduce spending? Unfortunately, the answer is no. While it claims to reduce the deficit by \$917 billion over the next 10 years, only in Washington would this be called a spending reduction. Because of baseline budgeting, a reduction of \$917 billion in the deficit, as it is claimed, is no reduction at all. Over the next 10 years, under this agreement, we will spend over \$830 billion more in discretionary spending.

So there is no reduction in spending. If you just look at the reduction from what we will spend in fiscal year 2012, it is really only a \$7 billion reduction in spending between what we will spend in 2011 and 2012. We borrow \$4 billion a day to sustain our government. So the spending reductions between what we spend in 2011 to 2012 is not even 2 days of borrowing for the United States of America.

Many of the cuts are in the outyears. And you know what happens in Wash-

ington when the cuts are in the outyears. Unfortunately, our history has been that they do not get done. That is why I am concerned about even the \$917 billion claim in reductions, which is not a reduction in spending.

I have also asked myself, Does this agreement in any way reduce the size of government? We know this government has continued to grow even as State governments and families have made the tough decisions to downsize, to reduce, to live within their means. This deal does not cut or end one government program.

In March, the GAO came out with a report that identified hundreds of duplicative programs that happen here in Washington where we could save billions of dollars. My colleague from Oklahoma, Dr. TOM COBURN, has done the hard work of identifying hundreds and hundreds of duplicative programs where we could save billions of dollars. Yet this agreement does not reduce the size of government at all or end one of those programs.

Does it avoid a downgrading of our credit? Unfortunately, I think this agreement will also lead us to a downgrade. And why does that matter? Because it will hurt the economic strength of America and our economic growth, our borrowing costs. It will hurt our job creators when now more than ever we need to create jobs in this country and put people to work. Yet our failure to get our fiscal house in order here in Washington is hurting the hard-working people in New Hampshire and America.

The credit rating agencies and even the President's own fiscal commission have said that the minimum amount of debt reduction that we need over the next decade is \$4 trillion just to stabilize our debt and to ensure our AAA credit rating is not downgraded. But with this agreement, even if everything happens and this congressional committee does all of its work, we will only see a maximum reduction of \$2.4 trillion. And that is assuming everything in those outyears gets done, which we do not always have a good history of here in Washington.

Finally, does it change the trajectory of where we are going with our debt to preserve our country? No. Under this agreement, we will continue to about \$1 trillion a year to our debt—a debt that is already \$14 trillion.

It does nothing to strengthen our entitlement programs. We know from the trustees of Medicare that program is going bankrupt in 2024. We know from Social Security that program is going to be bankrupt in 2036. Yet we have not taken on that fundamental problem in this agreement. How do we reform those programs to preserve them for Americans that are relying on them and to sustain them for future beneficiaries?

While I appreciate that we are beginning to change the discussion here in Washington, I cannot support this agreement. I appreciate that it is very

important that we avoid default, but I know we are better than this. I know we can do more to make sure we preserve the greatest country on Earth. We need to take on the fundamental problems, the chronic overspending in Washington. We cannot continue to say that a reduction is a reduction when it is not, when we are continuing to spend more money, because at home people look at that and say: Give me a break. That is not how I do my family budget.

We have to tell the truth to the American people and make the hard decisions. I know we can come together and get something done that will fundamentally change the direction in which we are headed. That is why I am disappointed about this agreement, because it does not do that.

We must do more than avoid default. We must save our country for the sake of our children. I have often come to this floor and talked about the fact that I am the mother of two children.

The PRESIDING OFFICER. The Senator has used 10 minutes.

Ms. AYOTTE. Mr. President, I ask unanimous consent for 1 additional minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. AYOTTE. I am the mother of a 6-year-old and a 3-year-old. This discussion goes beyond those of us who are serving right here; it is about what kind of country are we going to leave for the next generation. And I know I will not look my children in the eye and have them say: Mom, what did you do about it?

We have to solve this crisis now. I know we can. I look forward to working with my colleagues on behalf of the people of New Hampshire, to really rolling up our sleeves, finally cutting spending, and saving the greatest country on Earth.

Mr. GRASSLEY. Mr. President, during the past few weeks and months, Congress and the President have been involved in discussions to raise the debt ceiling, and reduce spending, deficits and debt. This discussion is a result of the elections last year. The voters sent a strong message that it was time for Washington to stop the spending spree. And it is because of that message that we are even having this debate. Even the President now agrees that to address our fiscal situation we need to reduce spending.

That has not always been the case, though. Just last year President Obama refused to endorse or advance the findings of his own National Commission on Fiscal Responsibility and Reform. On February 14, President Obama submitted his budget proposal to Congress that refused to address our looming deficits and debt. Over the next 10 years, his budget would have added another \$13 trillion to our national debt. President Obama's budget was so out of touch that it was rejected in the Senate by a vote of 97-0. Then he delivered a speech in April that magically found \$4 trillion in spending cuts.

In just a matter of weeks, President Obama found \$4 trillion in spending that no longer needed to be spent.

The American people have to wonder how Washington can be serious about budgets and spending if the President, in a matter of weeks, can find \$4 trillion of spending that was of national importance on February 14, but is no longer necessary on April 13. It is this type of behavior that leads people to be cynical of Washington and the Federal Government. It is little wonder that lofty commitments from Washington are received in Middle America as just more empty promises and political rhetoric.

Up until a few months ago, President Obama and members of his administration were calling for a clean debt limit increase with no spending cuts. He simply wanted Congress to provide him a blank check.

The debate has shifted. We are no longer discussing spending increases. The entire debate today is about cutting spending, how much and from where. The fact that we are here today in agreement on the need to cut spending is an enormously important development. I commend all of those who worked and insisted that spending cuts be included in this agreement, and I thank those who were involved in working out this hard fought agreement.

Unfortunately, this bill does too little to address our overspending, deficits and debt. Virtually none of these cuts in this bill come in the next few years. It is all back loaded with no guarantee that Congress won't reverse course, and undo these spending reductions. And, there is no guarantee that entitlement programs that are driving the long-term fiscal problems will be reformed. These programs need reform so they remain viable, affordable and available for generations to come. But this bill has too little to ensure those reforms take place.

The American people sent us to Washington to confront these problems. They want us to stop overspending. They want us to chart a path to fiscal responsibility, where Washington spends only what we take in, like the American people themselves must do. And, while this bill is a small step in the right direction, I believe the American people expect and deserve a giant leap in the right direction.

In addition to its timidity on spending reductions, I fear that this bill will set up a process to increase taxes on the American people in the belief that more tax revenue would lower deficits. This bill creates a bicameral, bipartisan committee that will be tasked with producing the second tranche of deficit savings. Despite the fact that our government has a spending problem and not a revenue problem, President Obama continues to insist that higher taxes must be a part of a major deficit reduction plan. It is his desire for bigger government, and higher levels of taxation that will likely prevent

any serious follow-on deficit reduction or entitlement reform package.

I want to be clear. I do not wish for the government to be launched toward a threat of default. My vote against this bill is not a signal that I would prefer default. I would not. But, I am compelled to vote against this package because I see this as a missed opportunity. We are providing President Obama with the largest increase in the national debt ceiling in history. But, instead of using this opportunity to address our near term and long term spending and fiscal problems, we are cutting a little now, and kicking the can further down the road.

This bill grants a \$2.4 trillion increase in our Nation's debt limit, the largest increase in our history. The challenge for Congress and President Obama was to sketch a deficit reduction plan to address deficits and debt in a significant way. The uncertainty about Washington's fiscal management gets in the way of private-sector job creation and economic recovery. But this bill is insufficient in putting us on a path to live within our means.

To me, this is also a moral issue. It's wrong for this generation to overspend and leave the bills for the next generation to pay. The trajectory of our debt is alarming. It will soon undermine our economy and our economic growth. If we do nothing, our children and grandchildren will have fewer economic opportunities than we have had. Without a plan to put our fiscal situation on a better path, the next generations will have a lower quality of life than the one we've experienced. We can't let that happen. But, I am afraid this bill will accomplish too little in this regard.

Again, I recognize that this hard fought compromise is a step in the right direction, and I am pleased that Congress and the American people have recognized the terrible fiscal path our nation is on. I only wish that this plan was proportional to the size of the problems we face.

I yield the floor.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. MORAN. Mr. President, I ask unanimous consent that the time during any quorum call be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEE. Mr. President, I stand today to explain my reasons for voting against the debt limit increase we will be voting on in just about half an hour from now.

This is a crisis that America faces. It is an ongoing crisis that will neither be

created nor eliminated with today's vote. It is a crisis that has been building gradually over the course of years—decades, in fact. It is a crisis that we certainly have known about ever since this Congress was sworn in in January of this year.

This is a crisis that threatens potentially every Federal program, from defense to entitlements, because as we continue to borrow more money as a nation, adding to the already almost \$15 trillion we have accumulated in national debt—roughly \$50,000 for every man, woman, and child in America; roughly \$150,000 for every taxpayer in America—as we continue to add to that enormous debt, we get closer and closer to the unknown but nonetheless existing point at which we will no longer be able to borrow, at least not at interest rates that will make this kind of borrowing sustainable.

If interest rates were to go up even to their historically average levels, within just a few years we could be spending something closer to \$1 trillion every single year. Just to pay the interest on our national debt, we could be paying more than we pay on Social Security in an entire year, more than Medicare and Medicaid combined, and more than national defense in an entire year. What happens when we get to that point? Where does that money come from? The reality is that every Federal program, from defense to entitlements, could see its coffers raided in an unfortunate Draconian display of fiscal irresponsibility if we continue to punt this problem and not to address it.

The legislation at issue today addresses this problem by perpetuating it. I am pleased, of course, that this legislation does certain things and has invigorated a new conversation on the sorts of strategies that need to be in place if we are ever going to address this problem on a long-term basis.

Some 7 or 8 months ago, there were still people in this town of Washington, DC, who were saying things along the lines of “we need another stimulus package” or “we need more Federal spending of one sort or another.” They are no longer saying that. Now the discussion focuses not on whether to cut but how much.

There is, of course, renewed discussion about the need for a balanced budget amendment. But talk is different from outcomes. What we need are outcomes. What we need is a fundamental change to the way we spend money in Washington. What we need is to restrict Congress's authority, granted by clause 2 of article I, section 8, of the Constitution, to incur debt in the name of the United States. That power needs to be restricted. The only way we can restrict that on a permanent basis, one that will bind not only this Congress but future Congresses that come after us, is through an amendment to the Constitution.

This legislation raises the debt limit by about \$2.5 trillion. This is a record-breaking sum. Not too many years ago,

when I was in high school, this was roughly equivalent to our entire national debt. Now, through one piece of legislation, we are increasing, expanding our already huge national debt by roughly that same sum, and it does not contain any permanent, binding structural spending reform mechanisms of the sort that would be necessary to make sure we get out of this problem, to make sure we end the problem we have created through Congress's reckless pattern of perpetual deficit spending.

That is why I have insisted since before I was even sworn into office that before we raise the debt limit, we need to pass a balanced budget amendment and submit it to States for ratification. Nearly every State balances its budget each and every year. It is not news when a State does this. I look forward to the time when it will no longer be news when Congress does the same.

There are significant cuts discussed in this legislation and proposed, but I want to be clear on one thing: Although these cuts are large on a long-term basis, on a short-term basis they are less so. On a short-term basis, within the next year, this proposes to cut about \$7 billion out of the fiscal year 2012 discretionary spending budget. Some dispute this number and suggest, as some of my colleague have already, that, in fact, the fiscal year 2012 budget will spend \$23 billion more. Others concede the point and say: OK, let's assume for purposes of this discussion that it does, in fact, cut \$7 billion from what otherwise would be new deficit spending. Now, \$7 billion is roughly equivalent to the amount of debt we have added to our total debt portfolio just in the last 30 hours or so, roughly the period of time that has elapsed since this legislation was announced late Sunday night until this very moment, because we are borrowing about \$4 billion of new debt every single day. Stated differently, this amounts to less than two-tenths of 1 percent of a cut.

I do believe we have made progress. I commend our leadership for working so hard to focus the discussion on the need for cuts.

We have, unfortunately, had Democratic leadership in this body that has been bent on delaying the announcement of any deal as long as possible and preventing legislation such as the Cut, Cap, and Balance Act from coming to the floor, where it could have been subjected to an open debate, discussion, and amendment process, as well it should be. I regret the fact that it didn't come to that, the fact that that legislation, which could have solved this problem and would have put us on a path toward fiscal responsibility, toward ending this problem once and for all, was not even allowed its day in the Senate to be debated and discussed on the merits.

At the end of the day, we have to come to terms with the fact that the course we are on, from a fiscal standpoint, is utterly unsustainable, and

adding more debt to our now-bursting portfolio of debt will only contribute to this problem—unless we adopt a balanced budget amendment. The time to do that is right now.

The American people overwhelmingly support a balanced budget amendment, to the tune of about 75 percent. To my great astonishment, some of my colleagues and even the President have suggested that a balanced budget amendment is somehow a radical idea—so radical as to be absurd and not worth considering—even though three out of four Americans believe we need a balanced budget amendment.

I will close by referring to a quote by a man named William Morris, who said this in the late 1800s:

One man with an idea in his head is in danger of being considered a madman; two men with the same idea in common may be foolish, but can hardly be mad; ten men sharing an idea begin to act, a hundred draw attention as fanatics, a thousand and society begins to tremble, a hundred thousand and there is war abroad, and the cause has victories tangible and real; and why only a hundred thousand? Why not a hundred million and peace upon the earth? You and I who agree together, it is we who have to answer that question.

It is not just one or two of us who have this idea in our head that we need to restrict Congress's borrowing power because it has been so severely abused over such a prolonged period of time; it is three out of four Americans. I urge my colleagues in the Senate and our counterparts in the House of Representatives to join the American people in at least the same proportion in supporting the idea that never again should we raise the debt limit without a balanced budget amendment in place.

This is a permanent, long-term problem. It requires a permanent solution. The only permanent solution is that which involves an amendment to the Constitution.

Ms. MIKULSKI. Mr. President, through serious negotiation, leaders from both parties and the President have reached a bipartisan solution that will lift our debt ceiling and prevent a downgrade of our credit.

Make no mistake, this agreement is stark and stern but necessary. It includes cuts that I would have never voted for under different circumstances. However, if we fail to take action, the economy will be irrevocably fractured.

While it is far from perfect, the agreement meets my principles for avoiding default and downgrade. It provides a long-term extension of the debt ceiling, a significant downpayment on cuts, and a path forward to reform tax earmarks and entitlements.

The consequences of a default and downgrade would be significant and severe and would alter the course of the United States for a century. Default would have led to sky-high interest rates that would have created a new tax on every single American. It means if you have a variable rate mortgage, it

would skyrocket. If you have a student loan, the interest would increase. And if you have a car loan, the payments would be greater.

Under default, the President would also have to prioritize what obligations to pay. First, we would have to pay our troops. Then we would have to meet our obligations to seniors and veterans. Federal funding for State and local governments would run out. This would affect infrastructure projects, funding for schools and teachers and firehouses and police stations. Contractors who work for the Federal Government would face layoffs without pay, and businesses would reduce hiring. The economy would be further weakened, and it would be a self-inflicted wound. I could not allow this to happen.

I took an oath to protect and defend the Constitution. The 14th amendment says that the validity of America's debt must not be questioned. While the lawyers made the interpretation complicated, the framers made it simple. America pays its debt with no exceptions. Failure to reach an agreement would be a violation of the American people and our creditors' trust. And it would have violated my oath to the Constitution.

America must meet its obligations to its creditors. We must also meet our obligations to each other. Throughout this debate, I have insisted on no benefit cuts to soldiers, seniors, and veterans, and I will continue to do so. Obligations made must be obligations kept.

I will also fight to fulfill our obligations to the next generation who will lead us through the 21st century. We can't cut our way to a new economy. We need to invest in it by rebuilding roads, bridges, and increasing access to broadband. This is what will lead to new jobs, new opportunity, and new prosperity.

We also need to invest in education, science, research and technology. These investments will lead to jobs of the future and prepare students and workers to compete in a global economy. This means making sure kids have access to higher or career education. It means supporting scientists who are finding cures for the most devastating diseases. And it means giving businesses the tools they need to develop new products. We can't afford not to make these investments.

After wrenching analysis, I will vote for this bipartisan agreement because it is an achievable and pragmatic solution to the crisis that would be caused by inaction. It will require tough action and strong medicine down the road, but it is necessary to honor our obligations to the greatest generation and the next generation.

Mr. MCCAIN. Mr. President, I support the legislation before us today to raise the debt ceiling and at the same time curb government spending without raising taxes. The United States cannot default on our obligations, and this

bill prevents that from happening. This deal is not perfect. It is not what I would have written, and I have grave concerns about the cuts to our Nation's defense spending that may have to occur as a result of this bill's passage.

What this plan does represent is a fiscally sound path forward, and therefore I support its adoption. I applaud the courageous leadership of Senator MCCONNELL and Speaker BOEHNER. They have guided Republican members on both sides of the Capitol with tremendous skill and integrity and fought hard to ensure that our party's core principles were not negotiated away. I am proud of them, and I thank them. And I would be remiss if I did not also express my gratitude to Majority Leader REID. He has a very difficult job in this body, and he deserves a tremendous amount of credit for helping get us to this point. He fought hard for his caucus and their priorities, and I congratulate him on successfully negotiating a fair compromise on their behalf.

While I will support this bill, I have a great deal of concern about the direction this compromise takes defense spending. I have said many times, defense spending since 9/11—which was preceded by nearly a decade of drastic reductions in military personnel, equipment, and readiness—is not the cause of the economic dilemma in which we find ourselves. Cutting defense so deeply that long-term, catastrophic damage to our national security interests would result will not solve our deficit spending and debt problem.

Since this year began, the President has already asked the Defense Department to cut more than \$178 billion by finding efficiencies and taking top-line reductions in proposed defense spending over the next 5 years. But this compromise deal before us will go much further, with initial defense cuts of about \$350 billion over 10 years as part of the initial agreement to raise the debt limit by just over \$900 billion.

The bigger threat of cuts to national security spending, however, will come not during this first round but through the actions of the joint committee this bill establishes to find another \$1.2 to \$1.5 trillion in cuts as an offset to the next increase in the debt limit that will be required to get us from early 2012 through the balance of the year and into 2013. If the joint committee cannot agree on a package of cuts that can be passed in both the House of Representatives and the Senate and signed into law by the President, then a sequestration process would come into play that would automatically cut both defense and nondefense spending in order to pay for the next \$1.2 trillion in debt ceiling increases. Such an across-the-board sequestration of defense funding levels could add another nearly \$500 billion to the roughly \$350 billion in cuts over the next 10 years.

At his confirmation hearing on July 26, GEN Martin Dempsey, who has been

nominated to be the next Chairman of the Joint Chiefs of Staff, testified that cuts above the \$400 billion in defense spending that were already being studied would be “extraordinarily difficult and very high risk.” I agree. But what concerns me most about our current debate is not just the enormous size of the potential reductions but that the defense cuts being discussed have little to no strategic or military rationale to support them. They are essentially just numbers on a page. Our national defense planning and spending must be driven by considered strategy, not arbitrary arithmetic.

These defense cuts, initially about \$350 billion over 10 years—but especially those that could result from sequestration that could amount to another \$500 billion—reflect minimal, if any, understanding of how they will be applied or what impact they will have on our defense capabilities or our national security. While Secretary Panetta has made it clear that a comprehensive review will precede any decisions he makes on further defense cuts, the Congress currently has no specific indication of how the current debt compromise proposals would impact the size of our military forces, what changes they would require to our compensation system, what equipment and weapons would have to be cancelled as a result, or what additional risk to the readiness and modernization of our forces and their equipment we would have to accept. If Congress is to make informed decisions about our national defense spending, we need information like this, and it will have a crucial impact on how the joint committee created under this compromise goes about its work. And based on that sort of information, we must do everything we can to avoid an exercise in blind sequestration of defense funds that could come into play if the joint committee cannot find a way to find further cuts of \$1.2 trillion or more that can be enacted into law.

For many months, we have been engaged in a political tug-of-war over whether we should raise the debt limit and allow the President greater borrowing authority. I joined my colleagues on this side of the aisle in our insistence that any increase in our debt ceiling be accompanied by meaningful, real cuts in spending, not just typical Washington-style smoke and mirrors. I believe we achieved our goal with this compromise. The deal before us provides at least one dollar of actual spending cuts, not gimmicks, for each dollar in debt limit increases. It doesn't raise a single dollar in taxes. By including upfront cuts, a joint committee, a balanced budget amendment, BBA, vote, the debt disapproval process and sequesters, it continues the pressure on the President and Congress to continue cutting spending through the next election and beyond.

Some of my colleagues from the other side of the aisle have described the debate on this issue as a “manufac-

tured crisis.” They cite the fact that, in the past, we routinely raised the debt ceiling with little or no debate, having done so at least 10 times in the last ten years. Well, I say to my friends, you are leaving out one very critical detail in your analysis—a detail that makes our current situation anything but “routine”—and that is this: Never before in the history of this great nation has our debt been \$14.6 trillion. Never before in our history have we faced the possibility of having our creditworthiness downgraded due to our inability to control our spiraling debt, which could very well decimate the good faith and credit of the United States, which would have a severe impact on our standing in the world.

This measure represents the beginning, not the end, of what I believe will be a sustained national focus on getting our fiscal house in order. We still have a very long way to go and a great deal of hard work to do. Americans are still hurting. Unemployment remains at unacceptable levels and is estimated to continue to grow. We need to cut spending, spur economic growth, and get people back to work. These goals cannot be achieved by raising taxes on individuals and small businesses, and they cannot be achieved by expanding the size of government and massively increasing federal spending. It is time we learned from the lessons of the past, and the past has taught us that we cannot spend and tax our way to prosperity. America has been driven down that road, and we nearly plunged off of a cliff into economic disaster. I believe that this measure will begin to put us on the right track.

I urge my colleagues to seize this opportunity to put America back on a path to fiscal solvency and vote in favor of this compromise.

Mr. KOHL. Mr. President, I rise today to support the budget agreement that has been so painstakingly negotiated over these past several weeks. This is not a perfect bill, but it will start to get our budget deficit under control. Failing to reach an agreement and allowing our nation to default is not an option.

Failing to raise the debt ceiling would mean failing to honor the obligations we have already made. Previous Congresses and administrations have always recognized this duty, raising the debt ceiling over 70 times since 1962. This is not a partisan issue. President George W. Bush signed seven debt ceiling increases and President Clinton signed four. President Reagan raised the debt ceiling 18 times.

We have also agreed to reduce our Nation's debt by over \$2 trillion, which will help to put us on a more sustainable fiscal path. Much of this budget savings will be found by a new joint congressional committee. Their recommendations will likely be similar to the Bowles-Simpson recommendations, the Gang of 6 proposal, and other bipartisan efforts.

I must say that I am disappointed we could not get a broader agreement to

reduce our deficit. We know what we need to do. Every bipartisan proposal works by putting everything on the table: domestic spending, defense, entitlements, and revenue. It is not a good sign that this bill would force only spending cuts if Congress fails to pass the joint committee's deficit reduction bill. Refusing to put everything on the table means refusing to truly solve our budget problem.

Our system of government is built on compromise. This deal shows that the Senate is still capable of governing, and now we need to return immediately to the most important job, getting our people back to work and getting the economy back on track.

Mr. REED. Mr. President, these are challenging economic times and Republicans have taken us to the edge of the cliff. In the limited time left to prevent government default for the first time in our Nation's history, I think we can all agree on at least one thing—the consequences of default benefit no one. That is why I made the necessary but difficult decision today to support an agreement to prevent our economy from being driven off the cliff.

Default and a downgrade of our credit have the potential to cause job loss, higher interest rates, and another economic recession or even a depression. Unfortunately, the legislation before us today only staves off potential default, while doing nothing to fuel job creation and spur economic growth. In fact, it could well increase recessionary pressures on the economy.

As the richest country in the world, we should never have reached this crisis point. The United States always pays its bills. And, let's be clear, the bills we are talking about are not new ones; they exist because of prior policy decisions.

Fault for the linking default on our debt and an ideological budget plan rests with my Republican colleagues. The President thought he could negotiate a grand bargain, but it turned out Republicans were not interested in compromise.

Since the onset of the debate surrounding the need to raise the debt ceiling, the American people have made their position clear: They want a fair and balanced approach to reducing the deficit. Like the majority of Americans, I understand the need to get our fiscal house in order, and I took tough votes in the 1990s to create a record budget surplus. On Sunday, I also voted for a plan that would have controlled spending to a greater extent than the bill before us today.

As in the 1990s, and so many other times in the past, reining in the budget deficit has meant spending cuts and revenue from closing loopholes in the Tax Code enjoyed by the wealthiest Americans and biggest corporations.

Despite this precedent and the fact that such changes would not take effect in the short term, Republicans refused to accept a balanced approach.

Indeed, the price for averting the economic disaster of failing to raise the debt ceiling—a failure that some of my Republican colleagues were quite willing to see happen, to have our Nation go off the cliff—was a deal predicated on sacrifice by the middle class and no one else.

And so the agreement forged by the President and congressional leaders is by no measure ideal. It not only makes fundamental concessions, but ignores the No. 1 issue on the minds of Americans—which is how to address job creation and the unemployment situation.

In doing so, it also evades not only common sense but ignores economists who have warned that this trend toward drastic cuts threaten to choke off a faltering recovery. Former Labor Secretary Robert Reich expressed these sentiments in saying that the agreement: “[. . .] hobbles the capacity of the government to respond to the jobs and growth crisis.”

This agreement doesn't extend unemployment insurance at a time when too many Americans remain out of work. It doesn't stave off automatic tax increases on employers in distressed States with outstanding loans from the UI trust fund. Nor does it include common sense measures to save jobs like work sharing, which has proved so effective in some of our states and abroad, nor infrastructure spending to create jobs.

Instead, the first part of this agreement includes spending cuts that could hurt the middle class and those in need—nearly \$1 trillion—at a time when Americans can literally least afford it. While working men and women are coping with stagnant wages, 14 million other Americans are simply without a job in an economy that is still climbing out of a deep economic recession. In Rhode Island the jobs situation remains especially difficult and double-digit unemployment persists.

Rather than set in place a longer term debt reduction agreement that would bring much-needed certainty to the economy, this agreement brings unnecessary uncertainty by tasking a joint committee to come up with at least \$1.2 trillion in deficit reduction. These recommendations would receive expedited consideration with no amendments before the end of the year. A failure of this committee to come up with the required level of cuts or a rejection by the Congress or a veto by the President of the committee's recommendations would mean sequestration—automatic across the board cuts, half to domestic and half to defense spending.

I support the need to make continued decisions to eliminate wasteful and duplicative spending, and I perhaps this committee could come to a fair and balanced approach. Yet there remains a real likelihood that Republicans could very well dig in again on the question of ending tax giveaways to very profitable corporations and millionaires and call for drastic changes to Social Secu-

rity, Medicare, and Medicaid in order to meet targeted savings. The Joint Committee could also reverse the gains we made to reform health care.

In fact, Speaker BOEHNER, in presenting this legislation to his Republican conference, said that it would be effectively impossible for the joint committee to raise revenue. This means that the joint committee could recommend legislation even more austere and imbalanced than the \$917 billion in cuts we are passing today. Republicans could again choose to balance the budget on the back of middle-class Americans. What should make us think that a few months down the road Washington Republicans will sing another tune and be willing to put revenue on the table?

Cuts are about more than just numbers. They are about priorities, and I worry that the cuts from the joint committee or from sequestration would continue to be based on Republicans' extreme ideological beliefs, and not on common sense priorities like jobs and the well-being of the middle class.

The bill before us has two outcomes as I see it. The unknowns of a joint committee that, depending on who you talk to, will either fail spectacularly or succeed spectacularly in producing a balanced proposal of shared sacrifice. The thought is that the threat of sequestration, which should be considered a meat cleaver approach to priorities, could produce an equitable compromise by the joint committee. Others believe sequestration will somehow be ameliorated or avoided altogether—that Congress will somehow pass legislation in the future to blunt its impact. I hope those positive predictions prevail, but I am dubious.

In this spirit, the agreement marks a turning point for our nation at an extraordinary time. Following the Great Depression, we faced another set of extenuating economic circumstances. And only after years of misguided cuts urged by fiscal conservatives, did the Congress finally listen to those who voiced the need for spending to buttress economic growth.

It is widely known that the best way to ensure economic recovery is to get people working—paying taxes and stimulating demand that has a multiplying effect on our economy.

Of course the irony of the situation lies in how we got here. President Bush was handed the biggest surplus on record, \$236 billion—indeed, we had 3 straight years of budget surplus before he drowned our Nation in red ink as far as the eye can see.

In fact, Republicans at the time were concerned the budget surplus—which was projected to be \$5.6 trillion over 10 years—was in itself a danger. Federal Reserve Chairmen Greenspan expressed this sentiment: “The emerging key fiscal policy need is to address the implications of maintaining surpluses beyond the point at which publicly held debt is effectively eliminated.”

The resulting Bush policies—led by the \$1.8 trillion tax cuts skewed to the

those making over \$250,000—erased this record surplus, and replaced it with a \$6.2 trillion deficit over this time period. This is an extraordinary swing of \$11.8 trillion from fiscal year 2002 to 2011. To give some comparison, our current-dollar-GDP, the market value of the Nation's output of goods and services, is approximately \$15 trillion.

While Americans are hard pressed to make ends meet and find work in an economy that isn't creating enough jobs, the largest corporations are doing extremely well.

We are seeing now corporations rack up huge profits. The nonfinancial members of the S&P 500 index are sitting on about \$1.1 trillion in cash. The Federal Reserve indicated similarly that nonfinancial businesses have about \$1.9 trillion in cash defined as liquid assets. We need policies that get businesses to make investments that put Americans back to work.

So a better approach would involve a serious commitment to deficit reduction that asks more from all Americans in the interest of our Nation's long-term economic wellbeing. It would be bigger than the bill before us, perhaps closer to \$4 trillion in debt reduction, because it would be balanced and would call for shared sacrifice. It would ask the wealthiest Americans and largest corporations to pay their fair share instead of relying solely on spending cuts that will hurt programs that Americans depend on particularly when economic growth remains fragile. This view is in line with numerous economic experts who have voiced concern about how cutting back too soon could undermine our recovery.

A better bill would finally discard the perverse tax loopholes that reward companies that ship jobs overseas and end ethanol subsidy giveaways to profitable corporations. Put simply, a balanced approach wouldn't ask nursing home residents to sacrifice without asking the same of wealthy folks.

In fact, I have voted for plans that took this balanced approach in 1993 and 1997 and helped create a record surplus.

I have also voted against those proposals that have built up this mound of debt—including the unfunded Bush tax cuts skewed to the wealthy; an unpaid for war in Iraq for which we have paid dearly; and the unpaid for, costly, and ill-designed Medicare prescription drug plan.

We are also missing an opportunity to address the broader problems facing middle-class Americans. They are struggling in large part because we are going down a road of conservative ideology rather than common sense. We need to work on economic growth through education, infrastructure, currency exchange fairness, a trade policy that supports our manufacturers, and yes even tax reform to simplify our system but not as an excuse for more tax giveaways like the Bush tax cuts.

Just as I have taken tough votes in the past to ensure the long-term prosperity of our Nation, today's vote was another difficult choice.

However, this agreement is the only option left to prevent default and evade what would be the greatest artificial crisis in our Nation's history. It hopefully provides a powerful lever to achieve significant and smart deficit reduction in the future.

In the words of President Franklin Delano Roosevelt during his second inaugural address, "Government is competent when all who compose it work as trustees for the whole people."

Now is one of those pivotal times in our Nation's history, where we face a stark choice that requires us to make sacrifices that put nation ahead of self.

For over 200 years, this country has been known as a hallmark of economic stability. We have always paid our bills regardless of who was President and what party was in charge.

Now that this manufactured crisis that has distracted us for too long is over, we need to get to the business of putting Americans back to work.

Mr. RUBIO. Mr. President, I cannot support this plan because it fails to actually solve our debt problem, fails to diminish the risk of a credit rating downgrade and is not a long-term solution to avert a debt crisis. This plan still adds at least \$7 trillion to our debt over 10 years. It fails to immediately start downsizing government, leaving 98 percent of deficit reduction until after the 2012 election. By not addressing the biggest driver of our debt, health care spending, this plan ensures Medicare's looming bankruptcy, while protecting ObamaCare's \$2.6 trillion blank check.

It contains no real structural reforms to spending, such as a constitutional balanced budget amendment. It fails to reduce spending by what credit rating agencies say is at least \$4 trillion to avert a downgrade. Worst of all is that at a time of 9.2 percent unemployment, this plan fails to include pro-growth measures to help get people back to work and create new taxpayers to help us pay down the debt. In fact, I fear that the new "Supercommittee" in this bill could lead to expedited consideration of big tax hikes on our struggling economy. And if Congress rejects new taxes, then up to \$850 billion of devastating automatic defense spending cuts would be triggered at a time when the world is as dangerous as it has ever been.

Americans are looking at Washington with anger, disgust and concern that maybe America's problems are just too big for our leaders to solve. As I outlined in the Wall Street Journal on March 30, 2011, keeping America exceptional will require spending cuts and caps, saving Medicare and Social Security from bankruptcy, a constitutional balanced budget amendment, tax reform and regulatory reform. Above all, it will require courage.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I will support this legislation but with very serious reservations.

I start with the premise that this debt limit extension is not the one piece of legislation that will change everything wrong in Washington. It is, at best, a reversal of previous tax-and-spend policies, with some movement down the road to fiscal responsibility.

The bill sets us on a course that, if we adhere to it, will eventually enable us to balance our budget, draw down our debt, put entitlement programs on a sustainable path, and create the conditions for strong economic growth. That it could have been better is absolutely true as a substantive matter, but politically, the White House and the tax-and-spend Democrats in Congress would not agree to more. They control this Chamber and the executive branch of government.

A second premise of Republican leadership was that the U.S. Government must pay its bills, not just to investors in U.S. bonds but to fulfill its commitments to the American people. From Social Security to national defense, we have obligations that Republicans insist must be met. So default was not an option. That meant agreeing to terms for a debt extension that satisfied neither party.

Another premise is to focus on job creation and restoring a healthy economy. That meant not only constraining Washington spending through greater accountability but preventing job-killing tax hikes. In this, we succeeded. Contrary to some public talk, there is nothing in this legislation that would cause future tax increases. If there were, I would not support this legislation.

With this legislation, we have prevented tax increases demanded by the President, cut spending over the next 10 years, and created a mechanism to address additional savings, especially in programs such as Medicare, Medicaid, and Social Security, all of which will eventually default on their commitments without reform, and we averted a credit crisis for the U.S. Government.

Here is why I have such serious reservations about the legislation. In an effort to extract a pound of flesh from Republicans, the White House, frustrated that it could not raise taxes, insisted on massive cuts in defense spending—some \$350 billion, by White House reckoning, over the next 10 years, potentially \$18 billion less than the President's own budget just for next year. Moreover, the White House insisted that defense suffer an additional \$492 billion in cuts over the same period if the select committee set up by this bill fails to produce or Congress refuses to adopt recommendations on how to cut overall government spending to meet the goals of the bill.

Mind you, these cuts in defense were not the result of careful planning and analysis. They were just arbitrary percentages thrown out in negotiations, totally unconnected to actual defense requirements. Worse, the cuts that

would be triggered if the select committee recommendations fail were intentionally designed to be so large, so unimaginable, so irresponsible that Congress would be incented to approve the select committee's recommendations. The word "Armageddon" was used to characterize this scheme. Can you imagine anything more irresponsible, for the Commander in Chief of the military to promote—not just promote but insist on the knowing destruction of the U.S. military as a means to threaten Congress?

The theory was that the consequences of inaction by the Congress must be so severe that no responsible Senator or Representative could dare allow the result that we would be forced to accept the select committee recommendations on pain of seeing the U.S. military decimated. This should never have been agreed to by Members of Congress but most of all never promoted by the President. To me, it comes close to violating our oath of office and the President's responsibilities as Commander in Chief. But it is done. My vote will not change it.

The best way for me to avoid this Armageddon is to stay in the fight and, if necessary, urge my colleagues to disregard this provision. Sixty Senators would have to agree. But I cannot imagine Senators, and even the President, when faced with the actual versus the hypothetical choice of knowingly destroying our military capacity to protect the United States, would allow it to happen when we would have the ability to prevent it. As reckless as this President is to even contemplate, much less threaten, to incapacitate our military, I cannot imagine the American people would countenance such action.

As I evaluate the work of the committee, if anyone says to me, remember, the trigger is Armageddon for the U.S. military, my response will be, let's take that debate to the American people and let them decide. The thought that this trigger would force Senators to make unwise concessions underestimates the American people's commitment to their own security. The White House is miscalculating. It is so Draconian that it will not work. Even this President could not implement it.

So because we cannot default in our commitments, because we have to start somewhere on our new journey toward fiscal sanity—and this is a good start—because we have to focus on job creation, not more taxes that will kill job creation, we should adopt this legislation. But because of its irresponsible and dangerous, even cavalier treatment of national defense, we will need to work very hard to restore spending necessary for our national security and commit to reject the threat of Armageddon inserted into this bill by the White House.

(Mr. DURBIN assumed the Chair.)

JOINT SELECT COMMITTEE

Mr. REID. Mr. President, I would like to engage in a colloquy with my friend

the Republican leader, with whom I worked in drafting the provisions of this bill creating a joint committee to address deficit reduction. We wrote a number of deadlines in the bill to guide the work of the joint committee. I wanted to discuss with my colleague the consequences of missing these deadlines.

Section 402(g) of the amendment before us makes clear that if the joint committee fails to meet the November 23 deadline to vote on the report and proposed language, or if the Congress fails to meet the December 23 deadline to pass the joint committee bill, then the joint committee bill will lose its privilege. It would cease to benefit from expedited procedures under this amendment.

But I also want to make clear that if the joint committee or Congress fails to meet other deadlines in the title creating the joint committee, then that failure would not lead to a loss of privilege. We attached special importance to the deadlines for the committee to vote and the Congress ultimately to act.

And so, I would like to inquire whether the Republican leader agrees with that assessment.

Mr. MCCONNELL. Mr. President, I agree with the majority leader. We did attach special importance to the deadlines for the committee to vote and the Congress ultimately to act. And we did not intend for failure to meet other deadlines in the title to cause the joint committee bill to lose its privilege.

Mr. REID. Mr. President, I would like to engage in a colloquy with my colleague the chairman of the Budget Committee, Senator CONRAD, who worked with me as we drafted the joint committee language in this bill.

The compromise we are voting on today on the debt limit establishes the Joint Select Committee on Deficit Reduction to build on the more than \$900 billion in up-front deficit reduction in the bill. The joint committee would work to achieve another \$1.5 trillion in deficit reduction, for a total of \$2.4 trillion. This important joint committee will be bicameral and bipartisan, with three members selected by each of the four congressional leaders, for a total of 12 members, evenly split between Democrats and Republicans. Importantly, their recommendations will be guaranteed an up-or-down vote on the floor of both the Senate and the House.

For this historic process to work, we felt it important that the joint committee be given maximum flexibility, with everything on the table—discretionary spending, entitlements and other mandatory spending, and tax reform. To accomplish this goal, the joint committee should similarly be given maximum flexibility in how it analyzes its work and how it determines that it has met the target of \$1.5 trillion in deficit reduction.

Mr. President, over the past year, we have had three distinguished bipartisan groups provide us with comprehensive

deficit reduction packages. We had the President's Fiscal Commission, led by former White House Chief of Staff Erskine Bowles and former Senator Alan Simpson. We had the Bipartisan Policy Center's Debt Reduction Task Force, led by former Senator Pete Domenici and former CBO and OMB Director Alice Rivlin. And we just had the so-called Group of 6, a bipartisan group of Senators, including Senator CONRAD, and Senators WARNER, CHAMBLISS, DURBIN, CRAPO, and COBURN. All three of these groups decided that given the comprehensive and complex nature of the work that they were doing, they needed to take advantage of the flexibility to measure the effects of their proposals against the most accurate benchmark possible. I believe that it is critical that the joint committee have the same flexibility to decide on and use the most appropriate baseline possible for its work.

I believe that the legislation that we will vote on today accomplishes that, most directly by mandating the joint committee to include a statement of deficit reduction as part of the legislation it must vote on. There are no conditions on that statement. But, obviously, the legislation will need to have bipartisan support to pass the House and Senate.

I wonder if the chairman of the Budget Committee would agree with my conclusion.

Mr. CONRAD. Mr. President, I think it is absolutely correct that the flexibility exists for the Joint Committee to determine the benchmark it wishes to use and that such flexibility is entirely appropriate given the circumstances.

The leader mentioned three bipartisan groups that came to a similar conclusion. I was a member of two of those groups, the President's Fiscal Commission and the so-called Group of 6. We devoted considerable time to considering the most appropriate baseline to use in our deliberations given our goals. In both cases, on a bipartisan basis, we decided what made the most sense was not a standard current law baseline, as CBO normally uses for the work we do around here, but a baseline that was adjusted for more realistic policies, such as more realistic war costs, more realistic tax policies, and more realistic health spending given the need to regularly provide the so-called doc fix. I can tell the leader that having that flexibility was critical to both groups reaching completion of its work. The joint committee should have that same flexibility, and I believe the bill provides it.

Mr. REID. I thank the chairman of the Budget Committee, who is the Senate's expert on such matters.

Mr. MCCONNELL. Mr. President, over the past few weeks, Congress has been engaged in a very important debate. It may have been messy, it might have appeared to some as though their government wasn't working, but in fact the opposite was true. The push

and pull Americans saw in Washington these past few weeks was not gridlock, it was the will of the people working itself out in a political system that was never meant to be pretty.

You see, one reason America isn't already facing the kind of crisis we see in Europe is that Presidents and majority parties here can't just bring about change on a dime, as much as they might wish to from time to time. That is what checks and balances is all about, and that is the kind of balance Americans voted for in November. The American people sent a wave of new lawmakers to Congress in last November's election with a very clear mandate: Put our Nation's fiscal house in order. Those of us who had been fighting the big government policies of Democratic majorities in Congress welcomed them into our ranks. Together, we have held the line, and slowly but surely we have started turning things around. That is why those who think that no problem is too big or too small for government to solve are very worried right now. They are afraid the American people may actually win the larger debate we have been having around here about the size and the scope of government and that the spending spree may actually be coming to an end. They can't believe those who stood up for limited government and accountability have actually changed the terms of the debate here in Washington. But today, they have no choice but to admit it.

I know for some of our colleagues reform isn't coming as fast as they would wish, and I certainly understand their frustration. I too wish we could stand here today enacting something much more ambitious. But I am encouraged by the thought these new Senators will help lead this fight until we finish the job. I want to assure them that today, although they may not see it this way, they have actually won this debate.

In a few minutes, the Senate will vote on legislation that represents a new way of doing business in Washington. First, it creates an entirely new template for raising the Nation's debt limit. One of the most important aspects of this legislation is the fact that never again will any President, from either party, be allowed to raise the debt ceiling without being held accountable for it by the American people, and, in addition, without having to engage in the kind of debate we have just come through. Because, you see, whoever the next President is will be back asking to raise the debt ceiling again, and it will provide another opportunity for us to focus on the subject raised by the request to raise the debt ceiling.

So we will be back at it—probably in the early part of 2013—trying to continue to make progress toward reducing the size and scope of government and reducing our spending. This kind of discussion isn't something to dread, it is something to welcome. While the President may not have particularly

enjoyed this debate we have been through, it is the debate Washington very much needed to have.

As for the particulars, this legislation caps spending over the next 10 years with a mechanism that ensures these cuts actually stick. It protects the American people from a government default that would have affected every single one of them in one way or another. It puts in place a powerful joint committee that will recommend further cuts and much-needed reforms. It doesn't include a dime, not a dime, in job-killing tax hikes at a moment when our economy can least afford them. Crucially, it ensures the debate over a balanced budget amendment continues and that it actually gets a vote.

This is no small feat when one considers that last week the President was still demanding tax hikes as part of any debt ceiling increase, and that as recently as May, the President's top economic adviser said it was "insane" for anybody to even consider tying the debt ceiling to spending cuts. It is worth noting that 2½ months later, that adviser is no longer working at the White House and the President is now agreeing, as a condition of raising the debt ceiling, to trillions of dollars in spending cuts.

Let me be clear: The legislation the Senate is about to vote on is just a first step. But it is a crucial step toward fiscal sanity and its potentially remarkable achievement given the lengths to which some in Washington have gone to ensure a status quo that is suffocating growth, crippling the economy, and imperiling entitlements.

We have had to settle for less than we wanted, but what we have achieved is in no way insignificant. We did it because we had something Democrats didn't have: Republicans may only control one-half of one-third of the government in Washington, but the American people agreed with us on the nature of the problem. They know government didn't accumulate \$14.5 trillion in debt because it didn't tax enough. If someone is spending themselves into oblivion, the solution isn't to spend more; it is to spend less.

Neither side got everything it wanted in these negotiations, but I think it was the view of those in my party that we tried to get as much in spending cuts as we could from a government we didn't control. Our view was we would get as much in spending reduction as we could from a government we didn't control. That is what we have done with this bipartisan agreement.

This is not the deficit-reduction package I would have written. The fact that we are on a pace to add another \$7 trillion to the debt over the next 10 years is certainly nothing to celebrate. But getting it there from more than \$9 trillion the President continued to defend until recently is no defeat either. Slowing down the big government freight train from its current trajectory will give us the time we need to

work toward a real solution or give the American people the time they need to have their voices heard.

So much work remains. To that end, our first step will be to make sure Republicans who sit on the powerful cost-cutting committee are serious people who put the best interests of the American people and the principles that we have fought for throughout this debate first. But before we move to the next steps, I would like to say a word about some of those who made today's vote possible, and I will start with Speaker BOEHNER.

It should be noted that he helped set the terms of this debate by insisting early on that we would oppose any debt limit that didn't include cuts that were greater than the amount the debt limit would be raised, and he stuck to his guns. The Speaker and I worked shoulder to shoulder over the past few months, and it certainly has been a pleasure. He has been a real partner, and I assure my colleagues we wouldn't be here without him.

So I want to thank the Speaker and the entire Republican leadership in the House for standing on principle, and I want to thank my Republican colleagues in the Senate for their determination, their ideas, and their support. We wouldn't be here without them either.

I thank my friend, the majority leader, for his work in getting this agreement over the finish line. We may disagree a lot, but I hope everyone realizes it is never ever personal. I think today we can prove that, when it comes down to it, we will get together when the greater good is at stake.

I also thank the President and the Vice President and everyone on their staffs who believed, as we did, that despite our many differences we could all agree that America would not default on its obligations. It is a testament to the goodwill of those on both sides that we were able to reach this agreement in time. Neither side wanted to see the government default, and I am pleased we were able to work together to avoid it.

This bill does not solve the problem, but it at least forces Washington to admit that it has one. The bill doesn't solve the problem, but it forces Washington to admit that it has one. It puts us on a path to recovery. We are nowhere near where we need to be in terms of restoring balance, but there should be absolutely no doubt about this: We have changed the debate, we are headed in the right direction, and people are wondering how it happened. Well, it happened because the American people demanded it.

So in the end, we are back to where we started. The only reason we are talking about passing legislation that reins in the size of Washington instead of growing it is because the American people believed they could have a real impact on the direction of their government. They spoke out and we heard them. It is only through their continued participation in this process, and

lawmakers who are willing to listen to them, that we will complete the work we have begun.

As Winston Churchill once said:

Courage is what it takes to stand up and speak. Courage is also what it takes to sit down and listen.

I can't think of a better way to sum up this last year and, in particular, these last few months right here in Washington than that.

The American people want to see accountability and cooperation in Washington, and they want to see that we are working together to get our fiscal house in order. This legislation doesn't get us there, but for the first time in a very long time I think we can say to the American people that we are finally facing in the right direction. For that, we have them to thank.

The PRESIDING OFFICER. The majority leader, the Senator from Nevada.

Mr. REID. Mr. President, the eyes of the American people and the world have been watching Washington very closely this past week. While they witnessed a lot of political wrangling, they also saw Congress make some historically important decisions and avert a default on our debt that has been so concerning to all of us for such a long period of time.

Our country was literally on the verge of a disaster. It was on the brink of a disaster. With 1 day left, we were able to get together and avert that disaster.

Now, this compromise that we have reached is not perfect.

Mr. President, could we have order, please.

The PRESIDING OFFICER. The Senate will please come to order.

We welcome all our visitors, and we want to make it clear that any disturbance or manifestation of approval or disapproval is prohibited under the Senate rules.

The majority leader may proceed.

Mr. REID. I appreciate the kind words that my counterpart, Senator MCCONNELL, has stated. I have gotten to know him and Speaker BOEHNER a lot better this past month or two, especially the Speaker. Even though I disagree vehemently with the direction the Speaker's legislation took, with no bipartisan support at all, it is not the product we have here. The product we have here is one of compromise.

Without trying to outline who the winners are, there is principally one winner throughout all this, and that is the American people. We settled for less than we wanted; so did my friend, the leader of the Republicans, settle for less than he wanted. But that is the way legislation works. That is the way compromise works. But I can't let go without responding to my friend, who boasted in his own way about the new Senators and new Members of Congress who came here.

I welcome them all. But a result of the tea party direction of this Congress the last few months has been very disconcerting and very unfair to the

American people. It stopped us from arriving at a conclusion much earlier, and we must go forward.

Also, I recognize we have to do more. Of course, we need to do more, and that is why we have the joint committee set up that I will talk about in just a minute. The American people are not impressed with the no new revenue. The vast majority of Democrats, Independents, and Republicans think this arrangement we have just done is unfair because the richest of the rich have contributed nothing. The burden of what has taken place is on the middle class and the poor.

My friend talks about no new taxes. Mr. President, if their theory was right, with these huge taxes that took place during the Bush 8 years, the economy should be thriving. These tax cuts have not helped the economy. The loss of 8 million jobs during the Bush 8 years, two wars started, unfunded, all on borrowed money, these tax cuts all on borrowed money; if the tax cuts were so good, the economy should be thriving.

If we go back to the prior 8 years during President Clinton's administration, 23 million new jobs were created. We had, when President Bush took office, a surplus over 10 years of \$7 trillion. That has evaporated, and now we are talking about a \$14 trillion debt.

The compromise we reached is imperfect, and we are going to send legislation to the President today that will not only avert the default but make significant desperate reduction. Is it enough? I repeat, no, it is not enough. This legislation will provide our economy with the stability it desperately needs.

To assure Congress that we will continue working—and I said this yesterday, I say it again. I appreciate my friend, the Republican leader, putting his arms around the idea that I came up with to have this joint committee. They have worked in decades past. There is no reason it can't work now. There is no supermajority. Each leader will appoint 3, a committee of 12.

We need to do something because the trigger that kicks in is very difficult. We need to do this, and it has to be one that is fair. The American people demand fairness. It can't be more cuts to programs that have made this country what it is. There must be a sharing of sacrifice. It is unfair for billionaires and multimillionaires not to contribute to the arrangement that we have just made, but they are not.

My friends, the Republicans, held firm on no revenue, which is too bad. We need to have a fair approach to this joint committee, and I am confident we will do that. The one reason we are going to do that is because the trigger mechanism kicks in.

To this committee that is going to be appointed, the Members must have open minds. We have had too much talk the last few days, as early as this morning, Republican leaders in the Senate saying there will be no revenue.

That is not going to happen; otherwise, the trigger is going to kick in. The only way we can arrive at a fair arrangement for the American people with this joint committee is to have equal sharing.

It is going to be painful. For each party, if they do the right thing, it is going to be painful because, to be fair, we have to move forward. There has to be equal spending cuts. There has to be some revenue that matches that.

The legislation that is going to be sent to the President today ends the standoff that ground the work of Washington to a halt this summer. So Congress must now return to its most important job: creating jobs.

Mr. President, there are things we can do to create jobs and we know that. We passed out of here quickly the patent bill: 27,000 jobs we are told that legislation will create. So we will move to that; the first time we get back after the summer break, we are going to move to the patent legislation. It is important we do that. There is other work we can do. There is legislation out there that should be bipartisan in nature that we can do. We have a highway bill that is due.

I have spoken to the chairman of the Finance Committee today, and there are ways we can fund that that should be in keeping with the bipartisan approach.

The important thing we have, Mr. President, with these infrastructure jobs we need so very much, is that for every \$1 billion we spend in infrastructure, we create 47,500 high-paying jobs. A lot of other jobs spin off from that. Now, this isn't where you have \$1 billion and you have all these Federal Government jobs. These are moneys that go to the private sector to build roads and bridges and dams. We need to do that, and we can do that. Clean energy jobs are changing the face of this Nation. We need to do that.

I am optimistic and hopeful that the spirit of compromise that has taken root in Washington the last several days will endure. I hope my Republican colleagues will join forces with Democrats when we get back to work and not be looking for winners in political parties. Let's start looking for winners with the American people.

We have made progress toward our goal of cutting the deficit spending that we have around here. This Nation still faces a jobs deficit as well. There is no issue more important to the American people than job creation. Until every American who chooses to work can find a job, our job is undone. So we are going to continue making jobs our No. 1 priority. We ask the Republicans to join us in this regard.

Adlai Stevenson once called politics "the people's business, the most important business there is." It is time for Congress to get back to doing the people's business, creating jobs. Nothing is more important than that.

Mr. President, I ask for the yeas and nays on my motion to concur.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the motion to concur.

The clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 74, nays 26, as follows:

[Rollcall Vote No. 123 Leg.]

YEAS—74

| | | |
|------------|--------------|-------------|
| Akaka | Durbin | Mikulski |
| Alexander | Enzi | Murkowski |
| Barraso | Feinstein | Murray |
| Baucus | Franken | Nelson (FL) |
| Begich | Hagan | Portman |
| Bennet | Hoeben | Pryor |
| Bingaman | Hutchison | Reed |
| Blumenthal | Inouye | Reid |
| Blunt | Isakson | Risch |
| Boozman | Johanns | Roberts |
| Boxer | Johnson (SD) | Rockefeller |
| Brown (MA) | Kerry | Schumer |
| Brown (OH) | Kirk | Shaheen |
| Burr | Klobuchar | Snowe |
| Cantwell | Kohl | Stabenow |
| Cardin | Kyl | Tester |
| Carper | Landrieu | Thune |
| Casey | Leahy | Udall (CO) |
| Cochran | Levin | Udall (NM) |
| Collins | Lieberman | Warner |
| Conrad | Lugar | Webb |
| Coons | Manchin | Whitehouse |
| Corker | McCain | Wicker |
| Cornyn | McCaskey | Wyden |
| Crapo | McConnell | |

NAYS—26

| | | |
|------------|--------------|-------------|
| Ayotte | Hatch | Nelson (NE) |
| Chambliss | Heller | Paul |
| Coats | Inhofe | Rubio |
| Coburn | Johnson (WI) | Sanders |
| DeMint | Lautenberg | Sessions |
| Gillibrand | Lee | Shelby |
| Graham | Menendez | Toomey |
| Grassley | Merkley | Vitter |
| Harkin | Moran | |

The PRESIDING OFFICER. On this question, the yeas are 74 and the nays are 26. The motion to concur on the House amendment to S. 365 is agreed to.

Mr. REID. Mr. President, I move to reconsider the vote.

Mrs. BOXER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BLUMENTHAL. Mr. President, while this agreement to raise the debt ceiling and cut spending is far from perfect, it averts a financial catastrophe that would stifle job creation and stall our fragile economic growth. Default would have increased interest rates for every American with a mortgage, car loan, student debt or credit card. For these reasons, I voted to support this agreement.

Critically, the deal protects Social Security, Medicaid, Medicare and veterans from benefit cuts and leaves open future opportunities to fight tax loopholes, sweetheart deals and giveaways for special interests. I will certainly continue these fights and seek comprehensive tax reform to guarantee that there is a fair balance and truly shared sacrifice.

Now more than ever, we must move to focus on our number one priority—creating jobs and spurring economic growth. Americans are still hurting, seeking to find work, stay in their

homes, pay tuition for schools and keep their families together. We must put Connecticut and America back to work and get our country moving in the right direction.

Mr. CONRAD. Mr. President, debate over the fiscal future of our Nation has been at the center of the 112th Congress. With the passage today of the Budget Control Act of 2011, we have avoided a default on our national debt, we have made a significant downpayment on our deficit, and we are establishing a Joint Select Committee that provides a real opportunity to achieve even greater deficit reduction by the end of this year.

As chairman of the Senate Budget Committee, I am privileged to have a staff of dedicated professionals who advise me on the complicated budget issues that have been before this body. My staff also shares its expertise with Members on both sides of the aisle. They are a credit to the Senate, and I would like to take this opportunity to thank them for their hard work during the session.

Budget Committee staff director Mary Naylor deserves particular credit for putting together a team that regularly provides thorough and accurate analysis, often on incredibly short notice. Deputy staff director John Righter also deserves a special mention. Mr. Righter's mastery of baselines and scoring has been invaluable as we have developed and compared various plans to address our long-term fiscal issues. Deputy staff director Joel Friedman and committee chief counsel Joe Gaeta have also played a critical role in the committee's work this session.

The committee has a dedicated communications staff, including Stu Nagurka, Steve Posner, Adam Hughes, and Kobye Noel, that ensures that the committee's analysis is made available to Members and the general public in a clear, concise, and timely manner. In addition, committee analysts Steve Bailey, Jeannie Biniek, Amy Edwards, Jennifer Hanson-Kilbride, Robyn Hiestand, Mike Jones, Sarah Kuehl Egge, Matthew Levy, Jim Miller, Matt Mohning, Michael Obeiter, Miles Patrie, and Brandon Teachout each have expertise in specific policy areas that has proven invaluable to me as the committee has reviewed every aspect of the Federal budget. The committee's support staff and staff assistants, Anne Page, Josh Ryan, Ben Soskin, and Ronald Storhaug have worked late nights and weekends to make sure we all meet the demands placed on us. And finally, I would like to recognize committee's chief clerk Lynne Seymour and administrative staffers George Woodall, Letitia Fletcher, Cathey Dugan, and Kathleen Llewellyn-Butts, who provide support to both sides of the Budget Committee.

We as Senators place incredible demands on our staff, and they deserve to have their service to this institution and our country recognized. As we move to the next chapter of our debate

over the federal budget, I offer my most sincere appreciation for their hard work.

Mr. HATCH. Mr. President, over the last several weeks, we have been debating the increase in the debt ceiling. For the time being, that debate is coming to an end. But I would like to address briefly some revisionist fiscal history that we have heard repeated during that debate.

We have heard this historical account often over the past decade. You hear it from our friends on the other side whenever the Senate discusses spending policy and tax policy. I have noticed that the arguments boil down to two points. My friend and colleague, the former chairman and ranking member of the Senate Finance Committee, Senator GRASSLEY, came up with this thumbnail description of this creative historical account.

First, all of the "good" fiscal history of the 1990s was derived from the partisan tax increase bill of 1993.

And second, all of the "bad" fiscal history taking place within the past 10 years is because of the bipartisan tax relief plans originally enacted during the last administration and continued under the present administration.

You could go one step further and, as a policy premise, refine that thumbnail description to two short sentences. First sentence—lower taxes are bad. Second sentence—higher taxes are good. Not surprisingly, these revisionist historians support higher taxes and higher government spending. And not surprisingly, the revisionists oppose cutting taxes and cutting government spending.

Since time is short today, I direct folks to Senate floor remarks I made on February 14, 2011. They are available on the Senate Finance Committee under the Ranking Members Newsroom tab for that date. But it is important to reiterate the main point of those remarks. Basically the assertion by our friends on the other side that raising taxes is the key to all good fiscal history can be summarily dismissed.

Let's take a quick view of the 1990s data. According to the Clinton administration's Office of Management and Budget—or OMB—the impact of the much-bragged about tax hike bill of 1993 was minimal. The Clinton administration's OMB concluded that the 1993 tax increase accounted for only 13 percent of deficit reduction between 1990 and 2000. Thirteen percent puts the 1993 tax increase behind other factors such as defense cuts, other revenue, and interest savings. The data show that tax increases did not drive deficit reduction.

So as a matter of fact, only 13 percent of the positive fiscal history of the 1990s is due to the partisan 1993 tax increase? That is it. Thirteen percent.

Well, what about the last decade? The period of 2001–2010 saw a lot of deficits. From what you hear from our friends on the other side, those deficits

are owing to the tax relief that benefited virtually every American taxpayer. Yet CBO data tell us a different story.

On May 12, 2011, CBO released a recap of the changes over the past decade. At the start of 2001, as everyone agrees, CBO projected a surplus of \$5.6 trillion. Over the decade, deficits of \$6.2 trillion materialized. That's a swing of \$11.8 trillion. What did CBO say were the causes? My friends on the other side might be surprised to learn.

Higher spending accounts for 44 percent of the change. Let me repeat that. Higher spending was the biggest driver of the deficits of the last decade. Economic and technical changes in the estimates accounted for 28 percent of the change. So all tax relief, including the tax relief passed by Democratic Congresses and tax relief signed into law by President Obama, accounts for 28 percent. The tax relief legislation, much maligned by our friends on the other side, accounts for less than half of the fiscal change attributable to tax relief. Specifically, the bipartisan tax relief bills of 2001 and 2003, including the AMT patches in those bills, accounted for 13.7 percent of the fiscal change of the last decade. That is not ORRIN HATCH speaking. It's the non-partisan congressional scorekeeper, CBO.

So how much of the bad fiscal history of the last decade is attributable to tax relief? Twenty-eight percent. That is it. And that includes partisan bills like the stimulus. If you isolate the bipartisan bills that are the object of sharp criticism by our friends on the other side, the 2001 and 2003 legislation, you'll find that those bills account for only 13.7 percent of the fiscal change in the last decade.

Abnormally low levels of spending contributed significantly to the surpluses of the 1990s. Abnormally high spending drove the deficits of the past decade. Abnormally high spending is driving our current deficits, and it will drive our future deficits as well.

To my friends on the other side, if we focus instead on hiking taxes way above their historic average, we are misreading and mistreating the problem. The reason for our previous surpluses was low spending. And the reason for our current deficits is high spending. We cannot tax our way to fiscal health.

But that said, for those of my friends on the other side who think that raising taxes is the key to our economic recovery and deficit reduction, I urge them to come to the floor and tell us how high they want to raise rates. What will do the trick? If higher taxes are the cure to our economic woes, do we want to go back to the pre-1986 reform rates of 50 percent? Or how about the Carter era rates of 70 percent? Or maybe even the pre-Kennedy rates of 91 percent? How high should rates go in order to bring down the deficit and spur our economic recovery?

I want to know and America wants to know.

Ms. SNOWE. Mr. President, I rise in support of the motion to concur in the House amendment to S. 365, the legislative vehicle for the debt limit increase. Given the \$14.3 trillion national debt, the \$1.6 trillion deficit for the current fiscal year, and the unrestrained and skyrocketing growth of Government programs and services, this vote commences the debate that will lead our Government to reevaluate priorities and examine its spending with a critical eye.

Today's vote was critical to maintaining our country's financial credibility, and it was the first step in what will be many to rein in the U.S. Government's out-of-control spending. This bill reduces current spending, caps future spending, and controls previously unrestrained Government budgets over the next decade, while also protecting critical Social Security benefits.

Just weeks ago, the United States was warned it would lose its stellar AAA credit rating on two grounds: if Washington did nothing to address its debt and deficit spending, and if Congress failed to raise the debt ceiling, thus triggering a default. This vote addresses both issues by, for the first time in history, requiring spending reductions equal or greater to the amount the debt ceiling is raised. That is indeed a first, positive step toward making our Government accountable to its people.

This action was critically important to every family in America. A default would have resulted in a downgrade in our Nation's credit rating and triggered higher interest rates for borrowing at all levels, from the Federal Government, to states and municipalities, to every American who has a mortgage, a car loan, a student loan, or a credit card. Failure to pass this bill would have put retirement funds at risk at a time when seniors are looking for financial stability and counting on predictability in their retirement income.

While no one can predict how the ratings agencies will react to this legislation, it at least signals that our country is serious about getting its financial situation in order. In addition, it requires Congress to vote on a balanced budget amendment to the Constitution, which is a commonsense reform I have championed since I came to Congress. Mandating the Federal Government to do what nearly every State legislature is already required to achieve sends a message to every American and the world that Washington finally gets it, and at last understands the consequences of failing to control spending. Let there be no mistake—we can no longer accept budgets that compromise our economic growth, living standards, or opportunities that have been a hallmark of America's greatness.

Though this agreement is historic, I have grave concerns about the supercommittee established by this legisla-

tion. Creating a 12-person Washington commission to do the job of 535 elected representatives is another indication of a broken political system in dire need of repair. I will work tirelessly to bring accountability, reason, and transparency to the decisions this supercommittee makes and presents to Congress for an up-or-down vote.

This legislation initially exempts Social Security, Medicaid, and veterans programs from spending cuts. After the initial cuts are implemented, I am deeply concerned that the supercommittee could seek savings from Medicare, Medicaid, and defense spending. The committee has to recommend solid recommendations that Congress must act upon in order to avoid automatic cuts designed to incentivize Congress to fulfill this responsibility. Indeed, if the committee's recommendations are not adopted by Congress, automatic cuts to Medicare providers and defense spending could go into effect while Medicaid would be exempt. For these reasons, I will be especially vigilant about the work of the supercommittee to ensure that its recommendations achieve an equitable outcome.

Moreover, this bill should have included a pro-growth strategy for our economy to address our cumbersome Tax Code, overly onerous and inefficient regulatory scheme, and a mountain of new health care costs. I have long advocated for a major overhaul of our Tax Code, regulatory reform, and a pro-jobs agenda. Indeed, throughout this year I have repeatedly called on our President and this Congress to focus with laser-like precision on jobs and the economy. Once again, I call on the President and the Congress to immediately turn to focus on concrete measures that will actually put Americans back to work.

Indisputably, debt and deficits are a dangerous combination at a time when we are experiencing an unprecedented period of long-term unemployment with more than 22 million Americans unemployed or underemployed, and another 2.2 million who want a job, but are so discouraged they stopped looking for work altogether. In the 29 months since President Obama took office, unemployment has dipped below 9 percent for only 5 months, and actually increased to 9.2 percent in June. Manufacturing grew at the slowest pace in 2 years in July. The housing downturn is worsening, with no plausible end to foreclosures in sight. Home prices in March fell to their lowest level since 2002. Consumers, confronted with higher gas and food prices, are spending less on discretionary items.

And yet at a moment when every dollar Government spends should be wisely dedicated to job creation to return us on the path to prosperity, we are forced to commit an astounding \$200 billion per year just to service our debt. The cost of net interest alone will more than double in the next 10 years to reach nearly \$1 trillion per year in 2021. In fact, the CBO's most recent

long-term outlook states that by 2035 interest costs on our Nation's debt would reach 9 percent of GDP, more than the U.S. currently spends on Social Security or Medicare. And if interest rates were just 1 percentage point higher per year, over 10 years the deficit would balloon by \$1.3 trillion from increased costs to pay interest on our debt alone.

It is abundantly clear that we can no longer afford to borrow money without a clear plan in place to rein in Federal spending and force the Government to live within its means. Today's legislation is the first step in that direction.

CORRECTING THE ENROLLMENT OF S. 365

Mr. REID. Mr. President, I ask unanimous consent the Senate proceed to consideration of H. Con. Res. 70, the concurrent resolution be agreed to, the motion to reconsider be laid upon the table, with no intervening action or debate, and any statements related to this measure be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution (H. Con. Res. 70) was agreed to.

MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that we proceed to a period of morning business until 4 p.m. today, with Senators permitted to speak up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MCCAIN. I ask that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Arizona.

RECOGNIZING THE ARMED SERVICES

Mr. MCCAIN. The Senate Armed Services Committee just met and approved the nominations of the Chairman and Joint Chiefs of Staff, Chief of Naval Operations, the Chief of Staff of the Army, and other important nominations. I congratulate all of these nominees and appreciate their service to the Nation. I know that shortly the Senate will approve these positions of great responsibility.

I want to take one moment to mention one of the new Chiefs of Staff of the United States Army, GEN Ray Odierno, one of the finest military officers I have had the opportunity to know. He was responsible, along with David Petraeus, for implementing the surge in Iraq. All of us who have had the opportunity of knowing General

Odierno are proud of his new position and know he will carry out his responsibilities with the same outstanding leadership and efficiency he has displayed in the past.

I congratulate all of the nominees. These are going to be very challenging times. General Dempsey will now be the Chairman of the Joint Chiefs of Staff. I believe he is highly qualified, as are the nominees for the Vice Chairman as well as the Chief of Naval Operations. I congratulate them all. A special congratulations and word of praise for General Odierno, who is a great and outstanding leader.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mrs. BOXER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. WARNER). Without objection, it is so ordered.

UNANIMOUS CONSENT REQUESTS— H.R. 2553

Mrs. BOXER. Mr. President, I rise because we have a crisis on our hands with the FAA, the Federal Aviation Administration. I know exactly why we have this crisis. It is another made-up crisis by the Republicans. This is a Republican shutdown.

We just got past the most, well, I feel made-up crisis we have ever seen. Eighty-nine times we have passed a debt limit extension, and it took us weeks and months of wrangling to get it done. We finally got it done. I am glad we got it done. Unnecessary, people in my State panicking that they wouldn't get a Social Security check, small businesses saying they couldn't get a decent loan—all that for nothing.

We can do our work. We can take the ideas of the Presiding Officer's Gang of 6, Senator COBURN's ideas. We have the ideas on the table. We can do this. We did it when Bill Clinton was President. We worked together, and we solved the problem. We had a deficit and debt. We balanced the budget and created surpluses. We don't have to have this taking government hostage.

So we just got done with holding the full faith and credit of the United States of America hostage, and now we are seeing an extension of the hostage-taking of the Federal Aviation Administration by the Republicans. We need to end it. How do we end it? We end it simply by saying we have our disagreements. On this bill, there are a couple of broad disagreements. They are important disagreements. I honor both sides of the argument. The Republicans want to overturn a ruling by the National Mediation Board. This is what they said. They said that rather than count votes by an employee who stays home on a union vote as a "no" vote, only the votes that are cast should be

counted. Well, I ask rhetorically, doesn't that make sense? If you don't vote in an election, your vote shouldn't count. If the people didn't vote for me and they didn't vote for my opponent, how can anyone ascertain for whom they would have voted? Only the people who show up should be counted. That is what the mediation board did.

This affects the airlines and the rails. There is such a desire to stop that and overturn it by my Republican friends—and it is going on all over the country, this hostility to working men and women, and now it is coming here. It is like a contagion. We see what is happening in Wisconsin. There are recall elections and everything is in turmoil because they want to go after organized working people. It is sad.

But guess what. It is a legitimate issue for the conference committee to deal with. It is a legitimate issue for the Senate—by the way, the Senate already had a vote on it, and we said: No, we are not going to overturn the mediation board. The vote was well over—I think 56 votes said: No. Leave it alone. It is not our business. Let it go.

But, no, the House wants this. So when they sent over the original extension, it had that attached, this overturning of the mediation board, and we said: That is not right. We want a clean extension. So they sent it back to us, and they took up another controversial issue, which is to shut down essential air service in some of our rural communities in our country—shut down essential air service.

Now, I can tell my colleagues that I know for a fact there is room for negotiation in this area. We can work together and resolve it, but it doesn't belong in an extension of the FAA bill. This is too important. We have thousands of people who have been furloughed who are not getting work. I have a situation in my home county of Riverside where we have a new airport tower being put up, and unexpectedly there was a rainstorm the day before yesterday, and because nobody was working there, they couldn't do anything about it to protect the facility, and we have damage.

We are losing money because of this terrible shutdown. Four thousand FAA employees have been furloughed without their pay. Hundreds of them happen to live and work in my State. I wonder how these colleagues in the House who went home to take their break would feel if they stopped getting their pay. Many of the FAA's engineers, scientists, research analysts, computer specialists, program managers and analysts, environmental protection specialists, and community planners are furloughed because of this take-government-hostage approach by the Republican Party.

I have been here a while. I am a person with many opinions, and I have no problem battling out with my esteemed colleagues who is right, who is wrong, who is hurt, who is not hurt. But I know there is no question that people